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11 UNITED STATES BANKRUPTCY COURT
12 DISTRICT OF OREGON

13 In re:

14 Saturno Design, LLC.¹

15 Debtor.

16 Case No. 23-31455-dwh11

17 **DEBTOR'S SECOND AMENDED**
18 **CHAPTER 11 PLAN OF**
19 **REORGANIZATION**

20 Debtor's Second Amended Chapter 11 Plan of Reorganization (as may be amended or
21 modified from time to time, the "Plan") proposes to pay general unsecured creditors of debtor
22 Saturno Design, LLC (the "Debtor" or "Saturno") over the Plan Period (as defined below). This
23 Plan is an amended version of Debtor's Chapter 11 Plan of Reorganization [Dkt. No. 4], filed on
24 July 3, 2023 (the "Original Plan"), and of Debtor's First Amended Chapter 11 Plan of
25 Reorganization [Dkt. No. 39], filed on July 24, 2023 (the "First Amended Plan"). The
26 amendments in this Plan, relative to the First Amended Plan, only affect sections 9.2 (Injunction)
27 and 9.4 (Exculpation) of the Plan (including the related removal of the defined term "Exculpated
Parties"). None of these changes impact the treatment of any Claims against Debtor or any
substantive terms of the Plan or adversely affect any rights of such the Holders of such Claims or
any other parties in interest. A redline showing the changes in this Plan relative to the First
Amended Plan is attached hereto as Exhibit F. This Plan provides for one class of Secured
Claims, three classes of Unsecured Claims, and one class of Equity Interests. The Debtor

¹ The last four digits of Debtor's federal tax identification number is 3750.

1 reserves all rights available under the Bankruptcy Code and any applicable law to amend this
2 Plan from time to time for any reason.

3 Because the Debtor is a “small business debtor” under section 101(51D) of the
4 Bankruptcy Code that has elected to file under Subchapter V of the Bankruptcy Code, the Debtor
5 is not required to obtain approval of a disclosure statement prior to soliciting votes from creditors
6 and equity interest holders unless the Bankruptcy Court, for cause, orders otherwise.

7 ***The rights of creditors of the Debtor will be impacted by this Plan. All holders of***
8 ***Claims against the Debtor are encouraged to read this Plan in its entirety before voting to***
9 ***accept or reject this Plan and should review this Plan carefully for information regarding the***
10 ***specific treatment of their Claims. All holders of Claims against the Debtor should discuss***
11 ***this Plan with their own attorneys or legal counsel.***

12 ***Your ballot stating how you are voting on the Plan with respect to your Claims against***
13 ***the Debtor must be received by the Debtor, c/o Foster Garvey PC, Attn: Tara Schleicher, 121***
14 ***SW Morrison Street, 11th Floor, Portland, OR 97204, by no later August 23, 2023. If the Plan***
15 ***is confirmed, you will receive the treatment set forth in the Plan with respect to your Allowed***
16 ***Claim(s) (if any) and will be subject to the injunction imposed by the Confirmation Order.***

17 ***In addition to casting your vote to accept or reject the Plan, you may object to***
18 ***confirmation of the Plan. If you wish to object to confirmation of the Plan, you must do so by***
19 ***August 23, 2023. The confirmation hearing will be held in the Bankruptcy Court on August***
20 ***30, 2023 by video conference pursuant to the procedures set forth in .***

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ARTICLE I: DEFINED TERMS

As used in this Plan, capitalized terms have the meanings set forth below (unless defined elsewhere in this Plan). Any capitalized terms used but not defined in this Plan shall have the meanings given to such terms in the Bankruptcy Code or the Bankruptcy Rules (if any), or shall otherwise have their ordinary meanings or such meaning as context may require.

1.1. “Acquisition Agreement” means that certain Acquisition Agreement dated as of September 9, 2016 between Lotus and Sellers.

1.2. “Administrative Claim” means an expense of the kind described in section 503(b) of the Bankruptcy Code including (though not limited to), for the avoidance of doubt, (x) any Claims relating to Professional Fees and Expenses and (y) the Subchapter V Trustee Claim.

1.3. “Allowed” means, with respect to any Claim, the status of the Claim, such that: (a) the Claim is specially allowed under this Plan, the Bankruptcy Code, or by a Final Order; (b) upon expiration of the Claims Objection Date, the Claim, whether filed or scheduled, has not been disputed; or (c) with respect to Disputed Claims, a Final Order allowing the Claim has been entered or the Debtor and the Claimant have reached agreement on the amount and priority/classification of the Claim.

1.4. “Allowed Amount” means (a) the amount of the Claim scheduled by the Debtor if (i) the Claim is not scheduled as disputed, contingent, or unliquidated by the Debtor, (ii) no objection to that amount is filed by the Claims Objection Date, and (iii) the Holder of the Claim has not timely filed a properly prepared proof of Claim in an amount different than that scheduled by the Debtor; (b) the amount set forth by the Holder of a Claim in a timely filed and properly prepared proof of Claim if that amount differs from the amount scheduled by the Debtor and no objection to the amount stated in the proof of Claim is filed by the Claims Objection Date; (c) the amount of such Claim established by a Final Order of the Court if (i) such Claim is scheduled by the Debtor as contingent, disputed, or unliquidated, (ii) an objection to that amount is filed on or before the Claims Objection Date, or (iii) if the amount set forth by the Holder of such Claim in a timely filed, properly prepared proof of Claim differs from the amount scheduled

1 by the Debtor and an objection is filed to the proof of Claim on or before the Claims Objection
2 Date; or (d) the amount of such Claim as expressly provided for by this Plan.

3 1.5. “Allowed Secured Claim” means an Allowed Claim arising on or before the
4 Petition Date that is secured by a valid Lien on Assets of the Debtor which is not void or
5 avoidable under any state or federal law, including any provision of the Bankruptcy Code.

6 1.6. “Assets” means all property that is property of the Debtor under section 541 of the
7 Bankruptcy Code, whether such property is now existing or hereafter arising or acquired and
8 wherever located including, without limitation, all Causes of Action and all proceeds and
9 recoveries on Causes of Action, all accounts, contract rights, chattel paper, general intangibles,
10 instruments, securities, furniture, fixtures, machinery, equipment, inventory, intellectual
11 property, domain names, and interest in real estate.

12 1.7. “Ballot” refers to that certain ballot intended for Holders of Claims in Classes 1,
13 2.2, and 3, allowing said Holders to vote to accept or reject this Plan, attached as Exhibit E
14 hereto.

15 1.8. “Bankruptcy Code” means title 11 of the United States Code.

16 1.9. “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure.

17 1.10. “Bar Date” means one or more dates established by the Court as the deadline(s)
18 for most creditors to file proofs of Claim in the Chapter 11 Case.

19 1.11. “Bozas Declaration” means that certain *Declaration of Rodolfo (Rudy) Bozas in*
20 *Support of Debtor’s First Day Motions and Plan of Reorganization*, which provides evidentiary
21 support for this Plan.

22 1.12. “Business” means that certain business owned and operated by the Debtor which,
23 in pertinent part, provides website development and software solutions to the legal industry.

24 1.13. “Business Day” means any day except Saturday, Sunday, or a “legal holiday” as
25 defined in Bankruptcy Rule 9006(a).

26 1.14. “Cash” means cash and cash equivalents, including checks and other similar items
27 of legal tender of the United States of America.

1 1.15. “Cash Collateral Order” means, collectively, any order from this Court
2 authorizing the Debtor to use Cash Collateral (as such term is defined in such order), whether on
3 an interim, “final,” or any other basis.

4 1.16. “Causes of Action” means any action, claim, cause of action, controversy,
5 demand, right, action, lien, indemnity, interest, guaranty, suit, obligation, liability, damage,
6 judgment, account, defense, offset, power, privilege, and license of any kind or character
7 whatsoever belonging to the Debtor or its Estate, whether arising before or after the Petition Date
8 and whether arising under state or federal law.

9 1.17. “Chapter 11 Case” means the chapter 11 bankruptcy case of Saturno Design,
10 LLC, filed on July 3, 2023, in the Court as case number 23-31455-dwh11.

11 1.18. “Claim” means “claim” as defined in section 101(5) of the Bankruptcy Code and
12 shall include, without limitation, all rights to payment from the Debtor.

13 1.19. “Claimant” means any individual or entity making or holding a Claim against the
14 Debtor.

15 1.20. “Claims Objection Date” means, with respect to Claims not subject to the
16 Postpetition Claims Bar Date, the date that is thirty (30) days from the last to occur of (a) with
17 respect to a specified Claim for which a creditor is allowed to file a proof of Claim after the Bar
18 Date, thirty (30) days after the date on which such proof of Claim is filed; or (b) the Effective
19 Date. The failure to object to a Claim by the Claims Objection Date shall not constitute a
20 waiver, acceptance, or release of any Claim or Cause of Action against a creditor, including any
21 Cause of Action based on a creditor receiving preferential or fraudulent transfers under §§ 547 or
22 548 of the Bankruptcy Code.

23 1.21. “Confirmation Date” means the date the Court enters the Confirmation Order.

24 1.22. “Confirmation Hearing” means the hearing held by the Court to consider
25 confirmation of the Plan, as contemplated by section 1128(a) of the Bankruptcy Code.

26 1.23. “Confirmation Order” means the order of the Court confirming the Plan.

27 1.24. “Court” means the United States Bankruptcy Court for the District of Oregon

1 before which the Chapter 11 Case is pending, or any other court exercising jurisdiction over the
2 Chapter 11 Case in the future.

3 1.25. “Cure” means a Claim based upon a Debtor’s default(s) under an executory
4 contract or an unexpired lease sought to be assumed by the Debtor under section 365 of the
5 Bankruptcy Code, other than a default that is not required to be cured pursuant to any relevant
6 provision of the Bankruptcy Code or applicable law.

7 1.26. “Effective Date” means the first date that the Confirmation Order has become a
8 Final Order and all conditions to the effectiveness of the Plan have been satisfied.

9 1.27. “Equity Interest” means any membership interest or similar “equity” security or
10 interest in the Debtor.

11 1.28. “Estate” means the Debtor’s estate created pursuant to section 541 of the
12 Bankruptcy Code.

13 1.29. “Final Order” means an order or judgment of the Court as to which the time for
14 appeal has expired and a stay pending appeal has not been issued.

15 1.30. “Holder” means a person (including any assignees) holding an interest of any kind
16 or Equity Interest in, or Claim against, the Debtor(s), as the context requires.

17 1.31. “IRS” means the Internal Revenue Service.

18 1.32. “Lawsuits” means the Seller Lawsuit and the T Bank Lawsuit.

19 1.33. “Lien” means any mortgage, lien, Claim, interest, encumbrance, security interest,
20 restriction, charge, or assessment, of every kind, nature, and description, against, in or upon
21 Assets, whether recorded or unrecorded, fixed or contingent, perfected or unperfected,
22 possessory or non-possessory, known or unknown, and without limiting the foregoing, includes
23 the meaning set forth in section 101(37) of the Bankruptcy Code.

24 1.34. “Liquidation Analysis” means that certain Asset Valuations and Liquidation
25 Analysis attached as Exhibit C hereto.

26 1.35. “Local Bankruptcy Rules” means the Local Rules of Bankruptcy Procedure for
27 the District of Oregon.

1 1.36. “Lotus” means Lotus Digital, LLC, a Florida limited liability company which
2 merged with and into Saturno prior to the petition date.

3 1.37. “Petition Date” means July 3, 2023, *i.e.*, the date the Debtor filed this Chapter 11
4 Case.

5 1.38. “Petition Date Balance Sheet” means that certain balance sheet for the Debtor,
6 dated as of the date as close to the Petition Date as available to the Debtor, attached hereto as
7 Exhibit B.

8 1.39. “Plan Period” means the time period starting on the Effective Date of this Plan
9 and going through the date on which the Debtor completes the third and final distribution to
10 Holders of Allowed General Unsecured Claims as set forth in Class 3 of the Plan.

11 1.40. “Plan Period Projections” means those certain revenue, expense, and cash
12 projections attached as Exhibit A hereto.

13 1.41. “Portland Lease” means that certain lease for real property at 506 SW Sixth
14 Avenue, Suite 600, Portland, Oregon by the Debtor.

15 1.42. “Postpetition Claims Bar Date” means the date which is sixty (60) days following
16 the Effective Date.

17 1.43. “Priority Claim” means an Allowed Unsecured Claim, other than an
18 Administrative Claim, granted a priority under section 507 of the Bankruptcy Code.

19 1.44. “Pro Rata” means proportionate so that, for example, the ratio of the consideration
20 distributed on account of an Allowed Claim to the amount of that Allowed Claim is the same as
21 the ratio of the consideration distributed on account of all Allowed Claims in such class of
22 Claims to the amount of all Allowed Claims in that class.

23 1.45. “Professional Fees and Expenses” means Allowed Administrative Claims of the
24 retained professionals in the Chapter 11 Case. Professional Fees and Expenses shall not include
25 the Subchapter V Trustee Claim.

26 1.46. “Projected Disposable Income” means the income that is projected to be received
27 by the Debtor and that is not reasonably necessary to be expended for the payment of

1 expenditures necessary for the continuation, preservation, or operation of the Debtor's business,
2 which such necessary payments shall include, for the avoidance of doubt, the payments to the
3 Holders of Allowed Administrative Claims, Allowed Secured Claims, and Allowed Priority
4 Claims, in accordance with this Plan, and any other payments required or contemplated by this
5 Plan (other than payments of Projected Disposable Income made to the Holders of Allowed
6 General Unsecured Claims in accordance with this Plan), by order of the Court, or pursuant to
7 applicable law in connection with the Chapter 11 Case.

8 1.47. "Reorganized Debtor" means, on and after the Effective Date, the Debtor as
9 reorganized pursuant to this Plan. References to "Debtor" and "Reorganized Debtor" herein may
10 be used interchangeably and should be evaluated in the context in which such term(s) appears.

11 1.48. "Saturno" means Saturno Design, LLC, the debtor and debtor-in-possession in
12 this Chapter 11 Case, or the reorganized entity, as the context requires.

13 1.49. "Saturno Equity Holders" means Eduardo Feo, Moroch Holdings Inc., Creekview
14 Capital, and Pólvara Advertising, Inc., which own 16.0%, 10.0%, 6.75%, and 67.25% ownership
15 interests in Saturno.

16 1.50. "Saturno Office" means that certain real property leased by Saturno at 506 SW
17 Sixth Avenue, Suite 600, Portland, Oregon.

18 1.51. "SBA" means the United States Small Business Administration, as the owner and
19 Holder of the SBA Note.

20 1.52. "SBA Security Agreement" means that certain Security Agreement executed by
21 the Debtor as grantor, for the benefit of SBA as beneficiary, in connection with the SBA Loan.

22 1.53. "SBA Loan" means that certain SBA EIDL loan in the original principal amount
23 of \$162,000.00 as evidenced by the SBA Note and as secured by the SBA Security Agreement.

24 1.54. "SBA Note" means that certain promissory note that the Debtor made and
25 executed in the original principal sum of \$162,000.00.

26 1.55. "SBA's Deficiency Claim" means an Unsecured Claim held by SBA in the
27 principal amount of \$161,918.00 which, by confirmation of the Plan, shall become an Allowed

1 General Unsecured Claim in the amount of \$161,918.00.

2 1.56. “Schedule of Assumed Executory Contracts and Unexpired Leases” means that
3 certain schedule setting forth any executory contracts and/or unexpired leases which the Debtor
4 intends to assume in connection with confirmation of this Plan, attached as Exhibit D hereto. For
5 the avoidance of doubt, the Debtor intends to and reserves the right to update the schedule
6 attached hereto in connection with the filing of an amended plan, including any amended plan
7 filed after passage of the Bar Date.

8 1.57. “Secured Claim” means, in accordance with section 506(b) of the Bankruptcy
9 Code, a Claim secured by a valid Lien on Assets which is not void or avoidable under any state
10 or federal law, including (without limitation) any provision of the Bankruptcy Code.

11 1.58. “Sellers’ Claim” means a potential Unsecured Claim held by Sellers which is
12 disputed by the Debtor.

13 1.59. “Seller Lawsuit” means that certain lawsuit proceeding under Case No. 23-CV-
14 12662 in the Multnomah County Circuit Court.

15 1.60. “Sellers” means Greg Fredette and Allison Noah-Fredette, who sold the equity
16 interests in Saturno to Lotus pursuant to the Acquisition Agreement.

17 1.61. “Subchapter V Trustee” means Amy Mitchell in her capacity as the subchapter V
18 trustee in this Chapter 11 Case, pursuant to section 1183 of the Bankruptcy Code.

19 1.62. “Subchapter V Trustee Claim” means the Allowed Claim of the Subchapter V
20 Trustee.

21 1.63. “Substantial Consummation” means “substantial consummation” as defined in
22 section 1101(2) of the Bankruptcy Code.

23 1.64. “T Bank” means T Bank, National Association, as the owner and Holder of the T
24 Bank Note.

25 1.65. “T Bank Lawsuit” means that certain proceeding under Case No. 23-CV-15479 in
26 the Multnomah County Circuit Court.

27 1.66. “T Bank Security Agreement” means that certain Security Agreement, dated as of

1 August 31, 2016 executed by the Debtor as grantor, for the benefit of T Bank as beneficiary,
2 which was evidenced by a UCC-1 Financing Statement filed on September 21, 2016 as Filing
3 No. 90963721 in with the state of Oregon.

4 1.67. “T Bank Loan Agreement” means that certain Loan Agreement dated on or about
5 August 31, 2016 between the Debtor (as a co-borrower) and T Bank.

6 1.68. “T Bank Note” means that certain promissory note that the Debtor made and
7 executed in the original principal sum of \$2,472,000.00 pursuant to the T Bank Loan Agreement.

8 1.69. “T Bank’s Deficiency Claim” means an Unsecured Claim held by T Bank which,
9 by confirmation of the Plan, shall become an Allowed General Unsecured Claim in the amount
10 of \$475,223.16.

11 1.70. “T Bank’s Secured Claim” means a Secured Claim held by T Bank in the
12 principal amount of \$603,205.00 (the value of the Assets, as of the Confirmation Date, on which
13 T Bank has a Lien) with interest to accrue at the federal prime rate in effect on the Petition Date
14 plus 1.0% and which, by confirmation of the Plan, shall become an Allowed Secured Claim in
15 the amount of \$603,205.00.

16 1.71. “Unsecured Claim” means a Claim that is (a) not an Administrative Claim,
17 Subchapter V Trustee Claim, or any Claim relating to Professional Fees and Expenses; and
18 (b) not secured by a valid Lien on Assets which is not void or avoidable under any state or
19 federal law, including (without limitation) any provision of the Bankruptcy Code, and shall
20 include any deficiency Claim related to any Secured Claims (including, for the avoidance of
21 doubt, T Bank’s Deficiency Claim and SBA’s Deficiency Claim).

22 1.72. “Working Capital” means the net working capital necessary for the day-to-day
23 operations of the Reorganized Debtor’s business.

24 **ARTICLE II: BACKGROUND, CHAPTER 11 CASE, AND DISCLOSURES**

25 **2.1. The Debtor and the Nature and History of the Business.**

26 The Debtor owns and operates the Business, which provides website development and
27 software solutions to the legal industry. For more than 24 years, the Debtor has developed

1 innovative and award-winning branding, design and technology services to American and
2 Canadian law firms ranging in size from small boutique firms to AmLaw 100 firms. The
3 services the Debtor provides to the legal industry include: website design, website/traffic
4 metrics, branding, blogs, content management systems, e-mail marketing systems, event
5 registration, expense management systems, websites, proposal systems, extranets, and search
6 engine marketing. In 2022, Debtor a Muse Creative Silver Award (Website/Law and Legal
7 Services of the Year) and a Vega Award for Debtor's work on the Porzio Bromberg & Newman
8 website along with the firm's content management system and experience proposal center.
9 Debtor's work has also been recognized with awards by W³ (for work on the K&L Gates
10 website) and LMA (for work on Gray Reed's website). A screenshot of the Debtor's website on
11 the K&L Gates website is attached as Exhibit A to the Bozas Declaration.

12 The Debtor is an Oregon limited liability company with its principal place of business
13 located at the Saturno Office, which is leased property.

14 The Debtor's most valuable assets are intangible and include its software solutions and
15 related assets, a good reputation in the website development space among customers in the legal
16 industry, and the human resources which power the Business (*i.e.*, the Debtor's principals and
17 employees). Otherwise, the Debtor's remaining assets consist of cash and accounts receivable,
18 standard office equipment and furniture, personal property of comparatively little value, and the
19 Debtor's interest in the Portland Lease.

20 The Debtor's liabilities consist primarily of secured, funded indebtedness held by T Bank
21 and SBA (as described in the following section discussing the Loans). The Debtor is also subject
22 to the Seller Lawsuit. The Debtor believes it has meritorious defenses to the claims set forth in
23 the Seller Lawsuit and thereby the Sellers' Claim. Otherwise, the Debtor's liabilities are
24 generally Unsecured Claims which are either expressly set forth herein (if sought to be Allowed
25 pursuant to this Plan) or which will later be Allowed by order of this Court or upon passage of
26 the Claims Objection Date if no objection with respect to such Claim(s) is filed.

27 Like many businesses across the world, the Debtor suffered as a result of the COVID-19

1 pandemic and other exogenous factors, including a challenging macroeconomic environment.
2 The Debtor's revenues, and its ability to service its debts, were also temporarily depressed
3 starting in or about November 2022 when, during the middle of communications with the IRS
4 regarding asserted tax liabilities, the IRS issued a tax levy, notwithstanding that employee
5 retention (ERC) credits owed to the Debtor were of a value several times greater than the
6 asserted tax liabilities. The Debtor also experienced an unfortunate issue whereby its invoicing
7 system indicated that bills had been sent to clients even though such bills had not been sent. The
8 billing problems were also exacerbated by the IRS tax levy. This perfect storm of unfortunate
9 events significantly disrupted the Debtor's operations and impeded cash flow, but are now
10 resolved and will not impact the Business on a go-forward basis.

11 2.2. **The Loans.**

12 The Debtor is the borrower under the T Bank Loan Agreement, pursuant to which T Bank
13 made the T Bank Loan to the Debtor in the original principal sum of \$2,472,000.00. The T Bank
14 Loan is evidenced by the T Bank Note that the Debtor made, executed, and delivered to T Bank
15 in the original principal sum of \$2,472,000.00. The current amount owed under the T Bank Loan
16 is \$1,078,428.16.

17 The Debtor is also the borrower under the SBA Loan, which was in the original principal
18 amount of \$162,000.00. The SBA Loan is secured by the SBA Security Agreement executed by
19 the Debtor as grantor, for the benefit of the SBA as beneficiary, which was evidenced by a UCC-
20 1 Financing Statement filed on August 2, 2020 as Filing No. 92509774 with the state of Oregon.
21 The current amount owed under the SBA Loan is \$161,918.00.

22 Under the T Bank Security Agreement and the SBA Security Agreement, the Lenders
23 assert security interests in, among other things, Debtor's equipment, inventory, accounts,
24 instruments, chattel paper, general intangibles, documents, and deposit accounts and related
25 replacements, accessions, proceeds, and products, which includes, among other things, any form
26 of collateral proceeds which have been reduced to cash.

27 2.3. **The Lawsuits.**

1 On March 24, 2023, Sellers sued Lotus, Saturno, and Rudy Bozas for breaches of the
2 Acquisition Agreement, certain promissory notes incurred in connection therewith, and the
3 personal guaranty of Rudy Bozas. The Seller Lawsuit ostensibly seeks \$1,265,043 in damages.
4 A copy of the complaint filed in the Seller Lawsuit is attached to the Bozas Declaration as
5 Exhibit B.

6 On April 14, 2023, T Bank sued Lotus, Saturno, Cristina Bozas, Rudy Bozas, Luigi
7 Segreto, and Pólvara for default under the T Bank Note and guarantees relating thereto. The T
8 Bank Lawsuit ostensibly seeks \$1,107,591 in damages. A copy of the complaint filed in the T
9 Bank Lawsuit is attached to the Bozas Declaration as Exhibit C.

10 The Debtor believes it has meritorious defenses in both the Seller Lawsuit and the T
11 Bank Lawsuit, and nothing contained in this Plan or elsewhere should be construed as an
12 admission of liability or otherwise with respect to either the Seller Lawsuit and the T Bank
13 Lawsuit, but rather should be treated with the same protections and understanding afforded to
14 settlement communications under Federal Rule of Evidence 408, and the Debtor expressly
15 reserves all rights in connection with the Seller Lawsuit and the T Bank Lawsuit.

16 **2.4. The Merger.**

17 On or about June 22, 2023, I and other necessary signatories approved a merger whereby
18 Lotus merged into Saturno, with Saturno (*i.e.*, the Debtor) being the surviving entity. The
19 merger was consummated effective as of or about June 26, 2023, and is intended to streamline
20 this chapter 11 reorganization process by avoiding the need for two separate cases. Moreover,
21 the claims asserted against both entities are substantially similar, if not close to identical, and
22 Lotus had no assets (including no cash or bank account) as of the time of the merger.

23 **2.5. Reorganization Strategy in Chapter 11 Case.**

24 The Debtor's principal objectives are to delever its balance sheet and restructure its
25 finances and operations so that the Debtor can emerge from this Chapter 11 Case well-positioned
26 for long-run success. The Debtor believes the Plan allows them to achieve sufficient cash flow
27 from business operations to satisfy operational expenses and payment obligations under the Plan.

1 Although it is impossible to predict with any degree of certainty, the Debtor generally anticipates
2 that business operations of the Reorganized Debtor will be substantially similar to the business
3 operations of the Debtor prior to the Petition Date; *provided, however*, that nothing in the Plan
4 shall prohibit, or be construed to restrict or prohibit, the Debtor from altering its business model
5 in the future, including by selling some or all of the Assets or developing or providing new
6 services or products to its customers.

7 The Debtor anticipates moving quickly during this Chapter 11 Case to achieve its
8 restructuring goals. The Debtor filed the Original Plan on the first day of the Chapter 11 Case as
9 well as necessary and standard “first-day” bankruptcy motions, and has now filed this amended
10 Plan. A confirmation hearing for this Plan is set for August 30, 2023.

11 **2.6. Liquidation Analysis, Liens, and Asset Values.**

12 The Liquidation Analysis, attached hereto as Exhibit C, sets forth the Debtor’s best
13 understanding of the net proceeds that would be received for each Asset if the Debtor undertook
14 a hypothetical liquidation under chapter 7 of the Bankruptcy Code, and the identity of the
15 Holder(s) of a Lien, if any, on such Asset. The alternative to the Plan is the liquidation of the
16 Assets in a proceeding under chapter 7 of the Bankruptcy Code, and the distribution of the net
17 proceeds thereof to secured, administrative, priority, and unsecured creditors in the order of
18 priority and manner provided for in the Bankruptcy Code. This would generally require that
19 secured creditors be paid in full first, then administrative expense creditors, priority creditors,
20 and unsecured creditors (in that order).

21 Although it is impossible to determine the exact liquidation value of the Assets in a true
22 fire-sale context, for purposes of this Liquidation Analysis, the Debtor estimates that the
23 liquidation value of the Debtor’s Assets is \$519,274.30. In addition to this liquidation value, a
24 chapter 7 trustee may evaluate prepetition transfers to determine any such transfers may be
25 potential preferential payments made by the Debtor in the ninety (90) days prior to the Petition
26 Date or fraudulent transfers. Based on an evaluation of the Debtor’s prepetition activities and
27 transfers, however, the Debtor does not believe there are any viable claims to bring, either

1 because of the de minimis amount of the transfers or the anticipated defenses to any such claims.
2 For these reasons, the Debtor does not ascribe any value to such hypothetical claims that a
3 chapter 7 trustee may pursue.

4 Accordingly, if the Assets were liquidated in a chapter 7 proceeding and the resulting
5 cash made available to the Debtor's creditors, the Liquidation Analysis indicates that Holders of
6 Allowed Secured Claims would obtain all of the value from such liquidation efforts, resulting in
7 zero recovery for the Holders of Allowed Unsecured Claims. By contrast, this Plan provides for
8 the possibility, depending on the Debtor's finances and operations over the Plan Period, for some
9 meaningful recovery for the Holders of Allowed Unsecured Claims. For this reason,
10 confirmation of the Plan will result in an enhanced return to all creditors, and thus will serve the
11 creditors' best interests compared to the alternative of a chapter 7 liquidation.

12 **2.7. T Bank's Secured Claim; SBA's Deficiency Claim.**

13 The Plan provides for the allowance of T Bank's Secured Claim in the Allowed amount
14 of \$603,205.00. This figure is the Debtor's best estimate of the value of the Business, which
15 accounts for all or substantially all of the Debtor's Assets, is \$603,205. This accounts for the
16 revenue-generating potential for a Business. Because the value of \$603,205 is inadequate to
17 cover the entirety of T Bank's Claim, T Bank's Claim is bifurcated into T Bank's Secured Claim
18 (Class 1) and T Bank's Deficiency Claim (treated in Class 3). T Bank disagrees with the
19 Debtor's valuation of the Business and believes that the appropriate value is closer to \$1 million.
20 Therefore, the Allowed amounts of T Bank's Secured Claim and T Bank's Deficiency Claim
21 may change between the date hereof and the date of the Confirmation Hearing as a result of
22 either a ruling from this Court on the Allowed amount of T Bank's Secured Claim or an
23 agreement between the Debtor and T Bank as to such Allowed amount. An increase in the
24 Allowed amount of T Bank's Secured Claim or a change in the manner in which T Bank's
25 Secured Claim is paid under the Plan may result in less Projected Disposable Income being
26 available to distribute to the holders of Allowed General Unsecured Claims.

27 Additionally, SBA's Claim is entirely unsecured because its apparent security is the later-

1 in-time SBA's Security Agreement, which covers substantially the same collateral as the earlier-
2 in-time T Bank's Security Agreement. Therefore, SBA's entire Claim is SBA's Deficiency
3 Claim (treated in Class 3).

4 2.8. **Feasibility Analysis; Projected Disposable Income; Plan Period Projections.**

5 The Debtor respectfully submits that the Plan is feasible. The Debtor has prepared the
6 Plan Period Projections attached hereto as Exhibit A. The Plan Period Projections provide for
7 the payment Allowed Claims pursuant to this Plan and are otherwise based on historic and
8 anticipated future operations, using conservative and justifiable assumptions. Of course, actual
9 revenue and expenses may vary from those set forth on the Plan Period Projections.
10 Nevertheless, based on the projections set forth in the Plan Period Projections, the Plan is not
11 likely to be followed by the liquidation of the Debtor or the need for any further reorganization,
12 and the Reorganized Debtor is able and likely to make the payments required under this Plan.

13 As required by section 1191(c) of the Bankruptcy Code, the Plan provides that all of the
14 Debtor's projected disposable income for a period of at least three years is committed to paying
15 the Holders of Allowed Claims under the Plan. The defined term "Projected Disposable
16 Income" as used in this Plan already accounts for payments to the Holders of Allowed
17 Administrative Claims, Allowed Secured Claims, and Allowed Priority Claims, in accordance
18 with this Plan and therefore refers herein to the amount of Projected Disposable Income available
19 to distribute to the Holders of Allowed General Unsecured Claims.

20 As set forth on the Plan Period Projections attached hereto, such Projected Disposable
21 Income is, for the period of October 1, 2023 (the assumed Effective Date) through December 31,
22 2026, equal to \$114,225, broken down as follows: for the period of January 1, 2024 through
23 December 31, 2024, \$77,603; for the period of January 1, 2025 through December 31, 2025,
24 \$30,022; and for the period of January 1, 2026 through December 31, 2026, \$6,600. Additional
25 details supporting these calculations of Projected Disposable Income are set forth on the Plan
26 Period Projections attached hereto.

27 2.9. **Status of Claim Objections.**

1 The Debtor is continuing to evaluate potential objections to Claims consistent with the
2 deadlines and requirements set forth in this Plan. At this time, and reserving all rights, the
3 Debtor anticipates that the principal or perhaps only dispute with respect to the Claims that have
4 been asserted against the Debtor is with respect to how much of the claim asserted by T Bank is
5 secured (and therefore the quantum of T Bank's Secured Claim) and how much is unsecured
6 (and therefore the quantum of T Bank's Deficiency Claim).

7 The Debtor has not identified additional objections to Claims at this time, but reserves the
8 right to file objections in the future as provided for in this Plan.

9 **2.10. Voting to Accept or Reject the Plan.**

10 Only Holders of Claims in classes that are "impaired" by the Plan are entitled to vote on
11 the Plan. If you are entitled to vote, enclosed with this Plan is a Ballot for your use in voting to
12 accept or reject the Plan. The Debtor encourages you to vote to accept the Plan. For your vote to
13 count, your properly completed and executed Ballot must be received by no later than 5:00 P.M.
14 (prevailing Pacific Time) on August 23, 2023, at the office of the Debtor's counsel:

15 Foster Garvey P.C.
16 Attn: Tara J. Schleicher, Esq.
17 121 SW Morrison Street, 11th Floor
18 Portland, OR 97204-3141
Email: tara.schleicher@foster.com

19 **EACH CREDITOR SHOULD NOTE THAT IF ANY CLASS OF CLAIMS FAILS**
20 **TO ACCEPT THE PLAN BY THE REQUISITE MAJORITIES, THE COURT MAY**
21 **NEVERTHELESS ENTER AN ORDER CONFIRMING THE PLAN. THE**
22 **REQUIREMENTS FOR OBTAINING SUCH AN ORDER ALLOW THE COURT TO**
23 **ENTER SUCH AN ORDER IF, AFTER NOTICE AND A HEARING, THE COURT**
24 **FINDS THAT THE PLAN DOES NOT DISCRIMINATE UNFAIRLY AND IS FAIR AND**
25 **EQUITABLE WITH RESPECT TO ANY IMPAIRED CLASS OF CLAIMS OR EQUITY**
26 **INTERESTS WHICH HAS NOT ACCEPTED THE PLAN. IF ANY CLASS OF CLAIMS**
27 **FAILS TO ACCEPT THE PLAN BY THE REQUISITE MAJORITIES, THE DEBTOR**

1 **SHALL SEEK SUCH AN ORDER CONFIRMING THE PLAN NOTWITHSTANDING**
2 **THE FAILURE OF AN IMPAIRED CLASS TO ACCEPT THE PLAN.**

3 **2.11. Tax Consequences of the Plan.**

4 The federal, state, and local tax consequences of the Plan may be complex and, in some
5 cases, uncertain. Such consequences may also vary based upon the individual circumstances of
6 each Holder of a Claim or Equity Interest. **EACH HOLDER OF A CLAIM OR EQUITY**
7 **INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR**
8 **REGARDING THE FEDERAL, STATE, AND/OR LOCAL TAX CONSEQUENCES OF**
9 **THE PLAN. THIS PLAN MAY NOT BE RELIED UPON FOR, AND SHALL NOT BE**
10 **DEEMED TO CONSTITUTE, ADVICE ON THE TAX OR OTHER LEGAL EFFECTS**
11 **OF THE PLAN.** Any federal or state withholding taxes or other amounts required to be
12 withheld under any applicable law may be deducted and withheld from any distributions under
13 the Plan.

14 **ARTICLE III: CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

15 All Claims and Equity Interests are classified in the classes set forth below in accordance
16 with sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or an Equity Interest, or
17 any portion thereof, is classified in a particular class only to the extent that any portion of such
18 Claim or Equity Interest qualifies within the description of that class and is classified in other
19 classes to the extent that any portion of such Claim or Equity Interest qualifies within the
20 description of such other classes. A Claim or Equity Interest also is classified in a particular
21 class for the purpose of receiving distributions under the Plan only to the extent that such Claim
22 or Equity Interest is an Allowed Claim or Equity Interest in that class and has not been paid,
23 released, or otherwise satisfied prior to the Effective Date.

24 The classification of Claims against and Equity Interests in the Debtor pursuant to the
25 Plan is as follows:

Class	Claims and Equity Interests	Status	Voting Rights
Unclassified	Administrative Claims, Claims for	N/A	N/A

	Professional Fees and Expenses and the Subchapter V Trustee Claim	(described below)	
Class 1	T Bank's Secured Claim	Impaired	Entitled to Vote
Class 2.1	Priority Claims (Wages)	Unimpaired	Not Entitled to Vote (Deemed to Accept)
Class 2.2	Priority Claims (Taxes)	Impaired	Entitled to Vote
Class 3	General Unsecured Claims	Impaired	Entitled to Vote
Class 4	Equity Interests	Unimpaired	Not Entitled to Vote (Deemed to Accept)

ARTICLE IV: TREATMENT OF CLAIMS AND INTERESTS

Each Holder of an Allowed Claim or Equity Interest shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of and in exchange for such Holder's Allowed Claim or Equity Interest, except to the extent that different treatment is agreed to by the Reorganized Debtor and the Holder of an Allowed Claim or Equity Interest.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, including, for the avoidance of doubt, any Claim for Professional Fees and Expenses and the Subchapter V Trustee Claim, have not been classified and thus are excluded from the classes set forth below. Each Holder of an Administrative Claim, including, for the avoidance of doubt, any Claim for Professional Fees and Expenses and the Subchapter V Trustee Claim, shall be paid in full, unless payment terms are subject to a separate order of the Court: (a) on the later of the Effective Date or the date on which each such Claim becomes an Allowed Claim; or (b) in accordance with such terms as may be agreed upon by the Debtor and the applicable Claimant.

The classifications set forth below are based on the Debtor's understanding of the Claims asserted against the Debtor as of the date hereof. The Debtor reserves the right to add additional classes upon further review of its records or in connection with any proofs of claim properly filed before the Bar Date, including, but not limited to, potential classes of Other Secured Claims or

1 Priority Claims.

2 Please note further that certain classes below provide for allowance of the Claims in such
3 class (or a subset of the Claims in such class) as of the Effective Date, while other classes do not.
4 Any such Claims not expressly Allowed pursuant to the terms of this Plan shall be subject to the
5 ordinary process for Allowance of Claims set forth in this Plan or under the Bankruptcy Code,
6 the Bankruptcy Rules, the Local Bankruptcy Rules, or other applicable law.

7 Unless expressly set forth elsewhere in this Plan, the Debtor shall be allowed to make
8 payments, without any penalty or premium of any kind whatsoever, toward any Allowed Claims
9 earlier than required by the treatment terms set forth below.

10 Unless otherwise indicated, the Holder of an Allowed Claim or Equity Interest shall
11 receive such treatment on the Effective Date or as soon as reasonably practicable thereafter:

12 4.1. **Class 1 – T Bank’s Secured Claim.**

13 a. *Claims:* Class 1 consists of T Bank’s Secured Claim.

14 b. *Allowance:* T Bank’s Secured Claim shall be Allowed as of the Effective
15 Date in the amount of \$603,205.00, as detailed in Section 2.6 above.

16 c. *Treatment:* In full and final satisfaction of T Bank’s Secured Claim, T Bank
17 shall receive monthly payments as follows:

18 i. First, beginning on October 6, 2023 (or the next Business Day), and on the
19 sixth calendar day (or the next Business Day) of each month thereafter (up
20 to and including the month of June 2025), in the amount of \$7,000.00; and

21 ii. Thereafter, beginning on the sixth calendar day (or the next Business Day)
22 of the month of July 2025, and on the sixth calendar day (or the next
23 Business Day) of each month thereafter (up to and including the month of
24 December 2030), in the amount of \$7,500.00, with a balloon payment for
25 the remaining principal amount, plus all accrued and unpaid interest, of T
26 Bank’s Secured Claim to be made with the due in December 2030. Any
27 Assets that secure T Bank’s Secured Claim as of the Confirmation Date

shall continue to secure T Bank's Secured Claim after the Confirmation Date.

- d. *Voting*: Class 1 is Impaired under the Plan. Holders of Claims in Class 1 are entitled to vote to accept or reject the Plan.

4.2. **Class 2.1 – Priority Claims (Wages).**

- a. *Claims*: Class 2.1 consists of all Priority Claims (relating to unpaid wages).
- b. *Allowance*: The following Priority Claims in this Class shall be Allowed as of the Effective Date as follows:

Cristina Bozas	\$15,150.00 (507(a)(4) priority)
Jose Gonzalez	\$10,000.00 (507(a)(4) priority)

- c. *Treatment*: In full and final satisfaction of each Allowed Priority Claim in this Class, each Holder of an Allowed Priority Claim shall be paid in full on October 6, 2023.
- d. *Voting*: Class 2.1 is not Impaired under the Plan. Holders of Allowed Claims in Class 2.1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

4.3. **Class 2.2 – Priority Claims (Tax).**

- a. *Claims*: Class 2.2 consists of all Priority Claims (relating to unpaid taxes).
- b. *Allowance*: The following Priority Claims in this Class shall be Allowed as of the Effective Date as follows:
- c. *Treatment*: In full and final satisfaction of each Allowed Priority Claim in this Class, each Holder of an Allowed Priority Claim shall receive three payments, each such payment being equal to one-third of the amount of such Allowed Priority Claim, on the following payment dates: January 8, 2024; January 8, 2025; and January 8, 2026.

- d. *Voting:* Class 2.2 is Impaired under the Plan. Holders of Claims in Class 2.2 are entitled to vote to accept or reject the Plan.

4.4. **Class 3 – General Unsecured Claims.**

- a. *Claims:* Class 3 consists of all General Unsecured Claims, including T Bank's Deficiency Claim and SBA's Deficiency Claim.
- b. *Allowance:* The following General Unsecured Claims in this Class shall be Allowed as of the Effective Date as follows:

T Bank's Deficiency Claim*	\$475,223.16
SBA's Deficiency Claim	\$161,918.00
Bank of America	\$17,822.42
U.S. Bank N.A.	\$14,084.04
ERC Specialists, LLC	\$19,358.07
401(k) Past-Due Contributions	\$21,847.00
Cristina Bozas	\$850.00
Sellers' Claim**	To be determined

*T Bank's Deficiency Claim may change as a result of either a ruling from this Court on the Allowed amount of T Bank's Secured Claim or an agreement between the Debtor and T Bank as to such Allowed amount.

**Sellers' Claim is a General Unsecured Claim which is currently disputed by the Debtor and will be determined through the claims allowance process and will receive distributions in accordance with the ultimately Allowed amount of Sellers' Claim.

- c. *Treatment:* In full and final satisfaction of each Allowed General Unsecured Claim in this Class, each Holder of an Allowed General Unsecured Claim shall receive payments on the following dates, each such payment being a Pro Rata share of the Debtor's Projected Disposable Income for the time period

1 set forth below and in the amount set forth below (and as represented on the
2 Plan Period Projections).

3 i. On or about January 8, 2025, a Pro Rata share of the Debtor's Projected
4 Disposable Income for the period of January 1, 2024 through December
5 31, 2024, which Projected Disposable Income is \$77,603.00.

6 ii. On or about January 8, 2026, a Pro Rata share of the Debtor's Projected
7 Disposable Income for the period of January 1, 2025 through December
8 31, 2025, which Projected Disposable Income is \$30,022.00.

9 iii. On or about January 8, 2027, a Pro Rata share of the Debtor's Projected
10 Disposable Income for the period of January 1, 2026 through December
11 31, 2026, which Projected Disposable Income is \$6,600.00.

12 iv. Notwithstanding the foregoing or anything herein to the contrary,
13 payments to the Holders of Allowed General Unsecured Claims in this
14 Class shall cease upon the earlier of: (A) the date on which all such
15 Allowed General Unsecured Claims have been paid in full and (B) the
16 date on which the payment provided for in clause (iii) occurs. At the
17 earlier of (A) and (B), the Debtor shall be discharged from any further
18 liability relating to such Allowed General Unsecured Claims as further
19 described in section 9.1 of this Plan and shall not be liable for any further
20 payments thereon.

21 d. *Voting*: Class 3 is Impaired under the Plan. Holders of Claims in Class 3 are
22 entitled to vote to accept or reject the Plan.

23 4.5. **Class 4 – Equity Interests.**

24 a. *Equity Interests*: Class 4 consists of the Equity Interests held by the Saturno
25 Equity Holders.

26 b. *Treatment*: The Saturno Equity Holders shall retain their full Equity Interests
27 in Saturno. There shall be no distributions with respect to such Equity

1 Interests until the Debtor has satisfied its obligations set forth in Class 3;
2 *provided, however*, that the foregoing shall not be construed to prohibit
3 payment of reasonable compensation to any employees or contractors,
4 including any insiders, for work performed for the Reorganized Debtor, in
5 substantially the manner set forth in the Plan Period Projections.

- 6 c. *Voting*: Class 4 is not Impaired under the Plan. Holders of Equity Interests in
7 Class 4 are conclusively presumed to have accepted the Plan pursuant to
8 section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not
9 entitled to vote to accept or reject the Plan.

10 **ARTICLE V: INTERESTS AND RIGHTS TO BE RETAINED**

11 5.1. Preservation of All Causes of Action. Except as otherwise provided in the Plan,
12 or in any contract instrument, release, or agreement entered into in connection with the Plan, in
13 accordance with section 1123(b), the Debtor and/or its Estate retain and preserve, and shall be
14 vested with, retain, and may enforce and prosecute, any claims or causes of action that the
15 Debtor and/or its Estate may have against any person or entity that constitute Causes of Action.
16 The Reorganized Debtor shall have standing as a representative of its Estate for the purposes of
17 investigating, pursuing, prosecuting, settling, collecting, liquidating, and/or recovering any
18 assets, claims, or causes of action that constitute Causes of Action.

19 5.2. Assumption of Portland Lease. Upon the Effective Date, the Debtor is authorized
20 to assume and continue performance under the Portland Lease in substantially the same manner
21 as before the Chapter 11 Case. The Portland Lease is listed on Exhibit D as an unexpired lease
22 that the Debtor seeks to assume by confirming this Plan, and the “cure” amount is listed as \$0.00.

23 **ARTICLE VI: IMPLEMENTATION OF THE PLAN, ETC.**

24 6.1. Reorganized Debtor and Corporate Existence. The Reorganized Debtor shall be a
25 continuation of the Debtor entity and shall continue to exist after the Effective Date as an Oregon
26 limited liability company, pursuant to applicable law, except to the extent that the rights and
27 obligations of the Reorganized Debtor are modified pursuant to this Plan.

1 6.2. Vesting of Assets in the Reorganized Debtor. Except as otherwise provided in the
2 Plan or any agreement, instrument, or other document incorporated herein, on the Effective Date,
3 all Assets in the Debtor's Estate, shall vest in the Reorganized Debtor, free and clear of all Liens,
4 Claims, charges, Causes of Action, or other encumbrances. On and after the Effective Date, the
5 Reorganized Debtor may operate its business and may use, acquire, or dispose of Assets without
6 supervision or approval by the Court and free of any restrictions of the Bankruptcy Code or
7 Bankruptcy Rules.

8 6.3. Financing of the Plan Obligations. The payments required under the Plan shall be
9 made primarily from the following sources: (a) the proceeds generated from the operation of the
10 Debtor's business; (b) the proceeds of any Causes of Action and Claims which the Debtor and/or
11 its Estate have brought and/or may elect to bring, including, without limitation, any proceeds of
12 such Causes of Action; and (c) the proceeds of any sale transaction to be entered into by the
13 Debtor, including any sale of an Asset in accordance with section 6.2 hereof. The proceeds of
14 any such sale shall be distributed first to satisfy T Bank's Secured Claim (if the Assets sold are
15 subject to T Bank's Lien) or to the Holder of any other valid Lien on such Assets. Any
16 remaining proceeds of such sale shall be held by the Debtor and used to satisfy its obligations in
17 accordance with this Plan (provided, however, that if such sale proceeds are sufficient to satisfy
18 all of the Debtor's payment obligations under this Plan, then the Debtor shall be entitled to keep
19 such excess proceeds free and clear of any Claims which are governed by this Plan).

20 6.4. Option to Sell One or More Assets Free and Clear Under Section 363(f). Under
21 the Plan, the Debtor shall retain possession and ownership of the Assets, and the Debtor shall
22 have the authority to sell any Asset without further order of this Court after the Effective Date,
23 including outside the ordinary course of business. If the Debtor determines in its business
24 judgment to sell to a third party an Asset that is subject to a Lien after the Effective Date, the
25 Debtor shall first provide written notice describing the terms of the sale to the Holder(s) of any
26 Lien on that Asset if the amount of the net proceeds from such sale are less than the remaining
27 amount of the Allowed Secured Claim of the Holder of the Lien(s) at the time of the sale. If,

1 within fifteen (15) business days of such notice, the Holder(s) of any Lien(s) on the Asset being
2 sold fail to submit to the Debtor an offer in writing to purchase the Asset on terms that exceed
3 the original offer to the Debtor, the Debtor shall be entitled to complete the sale of the Asset to
4 the third-party purchaser and such sale shall be free and clear of all Liens in accordance with
5 section 363(f) of the Bankruptcy Code. The Debtor shall also have the authority without further
6 order of this Court after the Effective Date to surrender possession of any Asset(s) to the Holder
7 of a Lien on such Asset(s). If, after the sale or surrender of any Asset in accordance with his
8 article, the Debtor no longer hold any Assets subject to any Lien of such Holder, any remaining
9 Allowed Claim of such holder that is not satisfied by the net sale proceeds or the proceeds
10 following the surrender shall be classified as an Allowed Unsecured Claim in Class 4.
11 Notwithstanding the foregoing, the Debtor shall not be required to provide notice or seek any
12 approval from the Holder(s) of any Lien(s) with respect to a sale of an Asset (or multiple sales of
13 Assets, if such sales should reasonably be considered together) with fair market value of less
14 than \$5,000 or such other sales that occur in the ordinary course of the operation of the Debtor's
15 business.

16 6.5. Manner of Distribution. Any distributions under the Plan may be made either in
17 Cash, by check drawn on a domestic bank, ACH, or by wire transfer (or by any manner agreed to
18 between the Debtor and the Holder of an Allowed Claim) and shall be made in United States
19 dollars. Notwithstanding any other provisions of the Plan to the contrary, no payment of
20 fractional cents will be made under the Plan (each such payment shall be rounded up to the
21 nearest cent).

22 6.6. De Minimis Distributions. "De Minimis Distributions" shall refer to any
23 individual distribution of less than fifty dollars (\$50.00). All De Minimis Distributions will be
24 held by the Debtor for the benefit of the Holders of Allowed Claims entitled to De Minimis
25 Distributions. When the aggregate amount of De Minimis Distributions exceeds \$50.00, the
26 Debtor shall distribute such De Minimis Distributions to such Holder of the Allowed Claim. If,
27 at the time that the final distribution under the Plan is to be made, the De Minimis Distributions

1 total less than \$50.00, such funds shall be distributed to such Holder of the Allowed Claim.

2 6.7. Delivery of Distributions. Except as otherwise provided in the Plan, or as may
3 otherwise be agreed between the Debtor and the Holder of an Allowed Claim, distributions to
4 Holders of Allowed Claims shall be made by the Debtor: (i) at the addresses set forth on the
5 proofs of claim filed by such Holders (or at the last known addresses of such Holder if no motion
6 requesting payment or proof of claim is filed or the Debtor has been notified in writing of a
7 change of address); (ii) at the addresses set forth in any written notices of address changes
8 delivered to the Debtor after the date of any related proof of claim; or (iii) at the addresses
9 reflected in the schedules filed by the Debtor if no proof of claim has been filed and the Debtor
10 has not received a written notice of a change of address.

11 6.8. Undeliverable Distributions. If payment or distribution to any Holder of an
12 Allowed Claim under the Plan is returned for lack of a current address for the Holder or
13 otherwise, the Debtor shall file with the Court the name, if known, and last known address of the
14 Holder and the reason for its inability to make payment. If, after the passage of 90 days, the
15 payment or distribution still cannot be made, the payment or distribution and any further
16 payment or distribution to the Holder shall be distributed to the other Holders in the appropriate
17 class or classes, and the Allowed Claim shall be deemed satisfied to the same extent as if
18 payment or distribution had been made to the Holder of the Allowed Claim.

19 6.9. Time Bar to Cash Payments. Checks issued by the Debtor in respect of
20 distributions to Holders of Allowed Claims pursuant to this Plan will be null and void if not
21 cashed within 120 days of the date of their issuance. Requests for reissuance of any check shall
22 be made to the Debtor by the Holder of the Allowed Claim with respect to which the check
23 originally was issued. Any Claim in respect of such a voided check must be made on or before
24 six (6) months after the date of issuance of the check. After that date, all Claims in respect of
25 void checks will be discharged and forever barred and the Cash, including interest earned
26 thereon, if any, shall be treated as an additional recovery of proceeds for distribution as of the
27 date of expiration of said six (6) month period and thereafter shall be held and distributed in

1 accordance with the terms of the Plan.

2 6.10. Plan Defaults and Remedies. In the event any party claims that the Debtor is
3 alleged to be in default of any obligation under the terms of the Plan, including any claim that the
4 Debtor failed to make any payment required by the terms of the Plan, such party shall provide
5 the Debtor with written notice setting forth, in specific terms, the alleged default. The Debtor
6 shall have fifteen (15) Business Days to respond to or cure the default. To the extent the default
7 relates to the failure to make a payment under the Plan to a Holder of an Allowed Secured Claim,
8 the Debtor shall have the right to cure the default within the fifteen (15) business days response
9 deadline by surrendering the Asset(s) subject to a Lien of such Holder or by selling such Asset(s)
10 in accordance with Section 6.4 hereof. In the event that the Debtor fails to cure the default
11 within the 15-business day period or the Debtor disputes the alleged default, the party claiming
12 the default shall be free to seek relief from the Court to determine whether such default exists
13 and to exercise its rights and remedies against the Debtor under the Plan. No default shall be
14 deemed to exist under the Plan until such time as the written notice has been provided and the
15 Debtor has failed to respond or cure the default as provided for by the terms of this provision.

16 6.11. Setoffs and Recoupments. The Debtor may, pursuant to sections 502(h), 553, and
17 558 of the Bankruptcy Code, or applicable nonbankruptcy law, but shall not be required, offset
18 against or recoup from any Claim on which payments are to be made pursuant to the Plan, any
19 claims or Causes of Action of any nature whatsoever that the Debtor may have against the
20 Holder of such Claim; *provided, however*, that neither the failure to effect such offset or
21 recoupment nor the allowance of any Claim shall constitute a waiver or release by the Debtor
22 and/or its Estate of any right of offset or recoupment that the Debtor and/or its Estate may have
23 against the Holder of such Claim, nor of any other claim or Cause of Action.

24 6.12. Distributions in Satisfaction; Allocation. Except for the obligations expressly
25 imposed by the Plan and the property and rights expressly retained under the Plan, if any, the
26 distributions and rights that are provided in the Plan shall be in complete satisfaction and release
27 of all Claims against, liabilities in/relating to, Liens on, obligations of, and interests in the Debtor

1 and/or its Estate (and/or the Assets of the Debtor and/or its Estate), whether known or unknown,
2 arising or existing prior to the Effective Date.

3 6.13. Cancellation of Notes and Instruments. As of the Effective Date, except to the
4 extent otherwise provided herein, all notes, loan agreements, documents evidencing funded debt
5 of any kind, and securities evidencing Claims and interests and the rights thereunder of the
6 Holders thereof shall, with respect to the Debtor, be canceled and deemed null and void and of
7 no further force and effect, and the Holders thereof shall have no rights against the Debtor and/or
8 its Estate, and such instruments shall evidence no such rights, except the right to receive the
9 distributions provided for in the Plan.

10 6.14. No Interest on Claims. Unless otherwise specifically provided for in the Plan, the
11 Confirmation Order, or a postpetition agreement in writing between the Debtor and a Holder of a
12 Claim and approved by an order of the Court, postpetition interest shall not accrue or be paid on
13 any Claim, no Holder of a Claim shall be entitled to interest accruing on or after the Petition
14 Date on any Claim. In addition, and without limiting the foregoing, interest shall not accrue on
15 or be paid on any claim which is not an Allowed Claim (a “Disputed Claim”) in respect of the
16 period from the Confirmation Date to the date the first distribution is made when and if such
17 Disputed Claim becomes an Allowed Claim. No payments shall be made to the holder of a
18 Disputed Claim until such time as the Disputed Claim becomes an Allowed Claim at which time
19 the Debtor shall begin to make payments to the Holder of the Allowed Claim from the date the
20 Disputed Claim is deemed an Allowed Claim in accordance with the terms of the Plan (provided
21 that such Holder of an Allowed Claim which was previously a Disputed Claim shall be entitled
22 to “catch up” payments at the next appropriate payment date set forth in this Plan so that such
23 Holder, after such payment date, has received the same treatment as other Holders of Allowed
24 Claims in such class).

25 6.15. Cram Down. In the event that any class allowed to vote rejects the Plan, the
26 Debtor shall move the Court to confirm the Plan pursuant to section 1191(b) of the Bankruptcy
27 Code. All Claims of creditors and the rights of all Holders of equity interests in the Debtor shall

1 be satisfied solely in accordance with the Plan.

2 6.16. Refinancing and Settlement of Allowed Claims. The Debtor may enter into
3 refinancing transactions after the Effective Date in an effort to satisfy some or all of the Claims
4 against the Debtor, *provided* that the refinancing provides a net financial benefit to the Debtor
5 and helps foster performance under the Plan. Additionally, the Debtor may enter into settlement
6 agreements with one or more of the Holders of Claims against the Debtor, *provided again* that
7 the settlement provides a net financial benefit to the Debtor and helps foster performance under
8 the Plan. The Debtor shall be authorized to enter into the foregoing arrangements after the
9 Effective Date without further order of the Court.

10 6.17. The Debtor Shall Directly Make All Distributions Required Under the Plan. In
11 the absence of a subsequent order of the Court to the contrary, all payments provided for under
12 the Plan and made hereunder shall be made by the Debtor directly. In the event that the Court
13 later orders the Debtor to make distributions through an intermediary, the intermediary's
14 compensation (if any) for effecting such distributions shall be determined by further order of the
15 Court after an opportunity for notice and hearing to the Debtor and all other parties in interest.

16 **ARTICLE VII: CLAIMS AND INTERESTS**

17 7.1. Prepetition Claims and Amendments. Each Claim as to which a proof of claim is
18 required to be filed on or before the Bar Date and as to which a proof of claim was not filed on or
19 before the Bar Date shall not under any circumstances become an Allowed Claim and shall be
20 disallowed and forever barred as of the Effective Date by operation of Bankruptcy Ruled
21 3003(c)(2). In no event shall the Allowed Amount of any Claim against the Debtor exceeds the
22 amount set forth in a proof of claim filed on or before the Bar Date unless the claimant in its
23 proof of claim expressly reserved the right to amend such proof of claim in which case any such
24 amended proof of claim must be filed by no later than the Confirmation Date. No order allowing
25 or disallowing a Claim may be reconsidered, pursuant to section 502(j) of the Bankruptcy Code
26 or otherwise, so as to increase the Allowed Amount thereof after entry of the Confirmation
27 Order.

1 7.2. Objections to Claims and Interests. Any and all claims and interests, other than
2 Postpetition Claims, which have not been scheduled by the Debtor as contingent, unliquidated, or
3 disputed, or as to which a valid proof of claim or interest has been filed on or before the Bar
4 Date, shall be Allowed in full, unless an objection to such Claim or interest is filed on or before
5 the Claims Objection Date. Claims that have been objected to and not allowed shall have no
6 right to vote with respect to the acceptance or rejection of this Plan, except as otherwise ordered
7 by the Court. Except for Claims relating to Professional Fees and Expenses, Administrative
8 Claims (which are subject to the Postpetition Claims Bar Date), and Claims expressly allowed
9 pursuant to this Plan, all Claims shall be Allowed on the day after the Claims Objection Date if
10 no timely filed objection is pending (unless, for the avoidance of doubt, such Claims have been
11 scheduled by the Debtor as contingent, unliquidated, or disputed, and no proof of claim was
12 filed, in which case such Claims shall be disallowed as set forth above), in which case such
13 Claim shall be Allowed (if at all) in an amount ultimately determined by the Court.

14 7.3. Bar Date for Postpetition Claims. Any Claim entitled to priority under section
15 507(a)(2) of the Bankruptcy Code arising before the Confirmation Date and still outstanding 60
16 days thereafter shall be forever barred unless it is the subject of a motion or proof of claim filed
17 with the Court on or before the Postpetition Claims Bar Date. Any Claim that is the subject of
18 such motion or proof of claim shall be allowed in full unless an objection thereto is filed within
19 30 days after the Postpetition Claims Bar Date or such other date as is provided by order upon
20 motion of the Debtor. Notwithstanding the foregoing or anything else in this Plan, any
21 application for compensation relating to a Claim for Professional Fees and Expenses or the
22 Subchapter V Trustee Claim shall be deemed timely: (a) if such Claim arises before the
23 Effective Date, within one year of the Effective Date; or (b) if such Claim arises after the
24 Effective Date, by no later than sixty (60) days after the final distribution required in this Plan is
25 effectuated.

26 **ARTICLE VIII: EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

27 8.1. Assumption/Rejection of Certain Executory Contracts and Unexpired Leases.

1 Under the Plan, unless an executory contract or unexpired lease is specifically assumed under the
2 Schedule of Assumed Executory Contracts and Unexpired Leases, is the subject of a motion to
3 assume the contract or lease that is pending as of the Effective Date, is an ordinary course
4 agreement or arrangement with a customer, client, or vendor of the Business, or is otherwise
5 dealt with by an order of the Court entered on or prior to the Effective Date, any and all
6 executory contracts and unexpired leases of the Debtor shall be deemed rejected as of the
7 Effective Date. The non-debtor party to any such rejected contract or lease shall be required to
8 assert a Claim for damages from such rejection in accordance with section 8.4 hereof.

9 8.2. Cures of Defaults. The Debtor or the Reorganized Debtor, as applicable, shall
10 pay Cures, if any, on the Effective Date or as soon as reasonably practicable thereafter. Unless
11 otherwise agreed upon in writing by the parties to the applicable executory contract or unexpired
12 lease, all requests for payment of Cure that differ from the amounts paid or proposed to be paid
13 by the Debtor or the Reorganized Debtor to a counterparty must be filed with the Court on or
14 prior to the deadline for filing an objection to this Plan. Any such request that is not timely filed
15 shall be disallowed and forever barred, estopped, and enjoined from assertion, and shall not be
16 enforceable against any Reorganized Debtor, without the need for any objection by the
17 Reorganized Debtor or any other party in interest or any further notice to or action, order, or
18 approval of the Court.

19 8.3. Bar Date for Rejection Damages Claims. Any Claim for damages arising from
20 the rejection or deemed rejection of an executory contract or unexpired lease must be filed on or
21 before 45 days after the rejection date, or by such other date as may be specified by order of the
22 Court and, if not so filed, will be deemed disallowed, discharged, and forever barred from
23 receiving any distribution under this Plan. All Allowed Claims arising from the rejection of
24 executory contracts and unexpired leases shall be classified as Allowed Unsecured Claims under
25 Class 4 of the Plan.

26 8.4. Full Release and Satisfaction. Assumption of any executory contract or unexpired
27 lease pursuant to the Plan or otherwise and full payment of any applicable Cure shall result in the

1 full release and satisfaction of any Cures, Claims, or defaults, whether monetary or nonmonetary,
2 including defaults of provisions restricting the change in control or ownership interest
3 composition or other bankruptcy-related defaults, arising under any assumed executory contract
4 or unexpired lease at any time prior to the effective date of assumption.

5 **ARTICLE IX: EFFECT OF CONFIRMATION, DISCHARGE, AND INJUNCTION**

6 9.1. Discharge. If the Plan is confirmed pursuant to section 1191(a) of the Bankruptcy
7 Code, then on the Effective Date, without any further order from this Court, the Debtor will be
8 discharged from any Claims, Causes of Action, and debts and liabilities of any nature
9 whatsoever, whether known or unknown, that arose prior to the Effective Date, to the maximum
10 extent permitted by section 1141(d) of the Bankruptcy Code. If the Plan is confirmed pursuant
11 to section 1191(b) of the Bankruptcy Code, then upon the expiration of the Plan Period with the
12 Debtor having satisfied all of its obligations under this Plan, and without any further order from
13 this Court, the Debtor will be discharged from any Claims, Causes of Action, and debts and
14 liabilities of any nature whatsoever, whether known or unknown, that arose prior to the Effective
15 Date, to the maximum extent permitted by sections 1141(d) and 1192 of the Bankruptcy Code.
16 For the avoidance of doubt, the discharge set forth in this section 9.1 shall not discharge or affect
17 any Claims relating to Professional Fees and Expenses and the Subchapter V Trustee Claim or, if
18 applicable, any Claims of the kind specified in section 523(a) of the Bankruptcy Code.

19 9.2. Injunction. Except as otherwise expressly provided in this Plan, the documents
20 executed pursuant to the Plan, or the Confirmation Order, on or after the Effective Date, all
21 persons and entities who have held, currently hold, or may hold Claims against or interests in the
22 Debtor, the Assets, or the Debtor's Estate that arose prior to the Confirmation Date (including,
23 but not limited to, states and other governmental units, and any state official, employee, or other
24 entity acting in an individual or official capacity on behalf of any state or other governmental
25 units) are enjoined from, on account of such Claims or interests and only to the extent consistent
26 with 11 USC § 524(e): (i) commencing or continuing in any manner, any action or other
27 proceeding against the Debtor, the Reorganized Debtor, or any Assets of the Debtor or

1 Reorganized Debtor; (ii) enforcing, attaching, executing, collecting, or recovering in any manner
2 any judgment, award, decree, or order against the Debtor, the Reorganized Debtor, or any Assets
3 of the Debtor or Reorganized Debtor; (iii) creating, perfecting, or enforcing any Lien of any kind
4 against the Debtor, the Reorganized Debtor, or any Assets of the Debtor or Reorganized Debtor;
5 and (iv) asserting or effecting any setoff, right of subrogation, or recoupment of any kind against
6 obligations due to the Debtor, the Reorganized Debtor, or any Assets of the Debtor or
7 Reorganized Debtor. Any person or entity injured by any willful violation of this injunction shall
8 recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances,
9 may recover punitive damages from the willful violator. Nothing contained in this Article IX
10 shall prohibit the Holder of a Disputed Claim from litigating its right to seek to have such
11 Disputed Claim declared an Allowed Claim and paid in accordance with the distribution
12 provisions of this Plan or enjoin or prohibit the interpretation or enforcement by the Holder of
13 such Disputed Claim of any of the obligations of the Debtor under this Plan.

14 9.3. Lifting of Automatic Stay and All Other Temporary Injunctions. Unless
15 otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in
16 this Chapter 11 Case by order of the Court, whether under sections 105 or 362 of the Bankruptcy
17 Code, this Plan, or otherwise, shall remain in full force and effect until the Effective Date, at
18 which point the terms of this Plan and the Confirmation Order shall then control.

19 9.4. Intentionally Omitted.

20 9.5. Termination of Cash Collateral Order. On the Effective Date, the Cash Collateral
21 Order (or any extension, supplement, or modification thereof) shall be of no further force and
22 effect, and the Debtor shall be authorized to use Cash Collateral (as defined in the Cash
23 Collateral Order) without, among other restrictions or conditions, any further order from this
24 Court or any need to provide adequate protection (as such term is defined in the Bankruptcy
25 Code) to T Bank, the SBA, or to any other party.

26 **ARTICLE X: RETENTION OF JURISDICTION**

27 To the maximum extent permitted by 28 U.S.C. § 1334 and the Bankruptcy Code, the

1 Court shall retain jurisdiction with respect to the following matters:

2 (a) To adjudicate all controversies concerning the classification, allowance, or
3 determination of any Claim or interest, including, without limitation, any Administrative Claim;

4 (b) To hear and determine all Claims arising from rejection of any executory contract
5 or unexpired lease and to consummate the rejection and termination thereof;

6 (c) To liquidate damages in connection with any disputed, contingent or unliquidated
7 Claims;

8 (d) To adjudicate all Claims to, or ownership of any Assets of, the Debtor or in any
9 proceeds thereof arising prior to and after the Effective Date;

10 (e) To adjudicate all Claims and controversies arising out of any purchases, sales or
11 contracts made or undertaken prior to the Effective Date;

12 (f) To make such orders as are necessary and appropriate to construe or effectuate the
13 provisions of the Plan;

14 (g) To hear and determine any and all Causes of Action;

15 (h) To hear and determine any and all applications of professional persons for
16 allowance of compensation and/or reimbursement of Professional Fees and Expenses, the
17 Subchapter V Trustee Claim, and all other Administrative Claims which may be pending on, or
18 made after, the Confirmation Date;

19 (i) To adjudicate any and all motions, adversary proceedings and litigated matters
20 pending on the Confirmation Date or filed thereafter within any applicable statutory period;

21 (j) To adjudicate any and all controversies and disputes arising under, or in
22 connection with, the Plan or any order or document entered or approved by the Court in
23 connection with the Debtor, the Chapter 11 Case, or any controversy or dispute which may affect
24 the Debtor's ability to implement or fund the Plan; and

25 (k) To hear and determine such other matters as the Court in its reasonable discretion
26 shall deem appropriate.

27 **ARTICLE XI: GENERAL PROVISIONS**

1 11.1. Rules of Construction. The article and section headings used in this Plan are
2 inserted for convenience and reference only and neither constitute a part of, nor in any manner
3 affect, the terms, provisions, or interpretation of this Plan. Wherever used, the singular shall
4 include the plural, and the plural shall include the singular. Pronouns stated in the masculine,
5 feminine, or neuter gender shall include the masculine, feminine, and the neuter gender.

6 11.2. Exhibits. All exhibits and documents attached hereto or included as part of any
7 plan supplement are incorporated into and are a part of this Plan as if set forth in full in the Plan.
8 To the extent that any exhibit or other document is inconsistent with the terms of the Plan, unless
9 otherwise ordered by the Court, the non-exhibit or non-document portion of the Plan shall
10 control.

11 11.3. Severability. Should any term or provision in this Plan be determined to be
12 unenforceable, such determination shall in no way limit or affect the enforceability and operative
13 effect of any other term or provision of this Plan.

14 11.4. Controlling Documents. In the event and to the extent that any provision of this
15 Plan (or any exhibit annexed hereto) is inconsistent with the provisions of any other agreement,
16 document, or instrument required or contemplated to be executed pursuant to this Plan, the
17 provisions of this Plan shall control and take precedence. In the event and to the extent that any
18 provision of this Plan (or any exhibit annexed hereto) is inconsistent with the provisions the
19 Confirmation Order, the provisions of the Confirmation Order shall control and take precedence.

20 11.5. Governing Law. Except to the extent that the Bankruptcy Code, the Bankruptcy
21 Rules, or other controlling federal statutes or laws, are applicable, the rights and obligations
22 arising under this Plan and any documents, instruments, or agreements executed in connection
23 with this Plan (except as otherwise indicated in such documents, instruments, and agreements)
24 shall be governed by, and construed and enforced in accordance with, the internal laws of the
25 State of Oregon (without giving effect to the conflicts of law principles thereof).

26 11.6. Binding Effect. Except as otherwise provided in section 1141(d)(3) of the
27 Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any

1 Holder of a Claim against, or interest in, the Debtor and its respective successors and assigns,
2 whether or not the Claim or interest of such Holder is impaired under the Plan and whether or not
3 such Holder has accepted the Plan. The rights, benefits, and obligations of any entity named or
4 referred to in the Plan, whose actions may be required to effectuate the terms of the Plan, shall be
5 binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or
6 assign of such entity (including, but not limited to, any trustee appointed for the Debtor under
7 chapters 7 or 11 of the Bankruptcy Code).

8 11.7. The Assets. On and after the Effective Date, and subject to compliance with the
9 terms of this Plan, the Debtor may, without further approval of or order from the Court, use, sell,
10 assign, transfer, abandon, settle, or otherwise dispose of at a public or private sale any of the
11 Assets for the purpose of liquidating and converting such Assets to Cash, making distributions,
12 and fully consummating the Plan.

13 11.8. Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy
14 Code, the assignment or surrender of any leases or sublease, or the delivery of any deed or other
15 instrument of transfer under, in furtherance of, or in connection with the Plan, including the
16 execution, delivery and recording of any deed relating to any of the Assets, and any other deeds,
17 bills of sale or assignment executed in connection with any disposition of Assets under, in
18 furtherance of, or in connection with the Plan shall not be subject to any tax to the fullest extent
19 allowed under section 1146 of the Bankruptcy Code.

20 11.9. Further Assurances and Cooperation. The Debtor, and each person required or
21 contemplated by this Plan to execute and deliver a written instrument, agreement or document,
22 shall execute and deliver such instrument, agreement or document in form and substance
23 satisfactory to the Debtor, and shall perform all other and further reasonable acts requested by
24 the Debtor, in order to permit the purposes and intents of this Plan to be consummated.

25 11.10. Closing of Chapter 11 Case. The Chapter 11 Case shall be deemed closed at such
26 time as the order closing the Chapter 11 Case pursuant to section 350 of the Bankruptcy Code
27 has been entered by the Court and becomes a Final Order.

1 11.11. Management Post-Confirmation. Upon confirmation of the Plan and occurrence
2 of the Effective Date, the Saturno Equity Holders and other principals of the Debtor shall
3 continue to operate and manage the businesses and Assets of the Debtor on a day-to-day basis
4 and in a manner substantially similar to prepetition operations.

5 **ARTICLE XII: MODIFICATION OF THE PLAN**

6 The Debtor may modify this Plan to the maximum extent permitted by the terms and
7 conditions of section 1193 of the Bankruptcy Code. If the Plan has been confirmed, any Holder
8 of a Claim or interest that has accepted or rejected the Plan is deemed to have accepted or
9 rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Court,
10 such Holder changes the previous acceptance or rejection of the Holder.

11 **ARTICLE XIII: CONDITIONS PRECEDENT TO EFFECTIVE DATE**

12 The Plan shall not become effective, and the Effective Date shall not occur, unless and
13 until the Confirmation Order shall have been entered by the Court and shall have become a Final
14 Order. The Debtor shall file a "Notice of Effective Date" (or similar document) on the docket
15 upon the occurrence of the Effective Date.

16 Respectfully submitted:

17 Dated: August 29, 2023

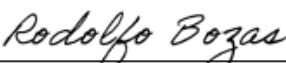
18 
19 Rodolfo (Rudy) Bozas
20 Managing Partner of Saturno Design, LLC
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EXHIBIT A

PLAN PERIOD PROJECTIONS

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FOSTER GARVEY PC
121 SW MORRISON STREET, ELEVENTH FLOOR
PORTLAND, OREGON 97204
PHONE (503) 228-3939 FAX (503) 226-0259

	2023							2024
	Sept	Oct	Nov	Dec	Jan.	Feb	Mar	April
Beginning Cash Balance	\$46,632	\$26,693	\$29,100	\$24,657	\$25,214	\$70,587	\$85,960	\$105,334
Income Estimate	82,989	85,000	75,000	65,000	110,000	80,000	84,000	74,000
PERSONNEL EXPENSES								
Salaries Principal (Gross) / (as 1099)								
Salary Dev (Gross)	14,604	14,604	14,604	14,604	14,604	14,604	14,604	14,604
Salaries PM (Gross)	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668
Contractors -	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Payroll Taxes (ER) Federal/State	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
401(k), Health, Dental, Payroll, Life Ins	24,574	4,089	4,089	4,089	4,089	4,089	4,089	4,089
Total Personnel Expenses	64,846	44,361	44,361	44,361	44,361	44,361	44,361	44,361
OPERATING EXPENSES								
Computer Expenses								
Hosting-Datapipe & MSF Azure	6,245	6,245	6,245	6,245	6,245	6,245	6,245	6,245
Rent, Utilities, Telephone	3,026	3,026	3,026	3,026	3,177	3,177	3,177	3,177
Software /Internet	1,761	1,761	1,761	1,761	1,761	1,761	1,761	1,761
Marketing, Promotion, Licenses, Etc.	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Bank Charges	150	150	150	150	158	158	158	158
Insurance - Liability/Umbrella/WC	500	500	500	500	525	525	525	525
T Bank Payments			7,000	7,000	7,000	7,000	7,000	7,000
Other Plan Payments		25,150						
Miscellaneous Expenses (Reserve)		-	-	-	-	-	-	-
Professional Fee Claims (Legal/Accounting)	25,000		15,000					
Total Operating Expenses	38,082	38,232	35,082	20,082	20,266	20,266	20,266	20,266
Total Expenses	102,928	82,593	79,443	64,443	64,627	64,627	64,627	64,627
Ending Cash Balance	\$26,693	\$29,100	\$24,657	\$25,214	\$70,587	\$85,960	\$105,334	\$114,707
Projected Disposable Income / GUC Payments (if > \$0)					(1,479)			

*Employee 401(k) match done annually in September

**Actual cash balances may differ due to timing of receipts and expenses

**Disposable Income may be reduced by payment of administrative claims or other allowed claims not set in these Projections as of the date hereof

**\$40,000 estimate of professional fee claims may be updated at confirmation

	2024							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Beginning Cash Balance	\$114,707	\$134,080	\$148,342	\$146,005	\$140,267	\$105,030	\$114,292	\$113,555
Income Estimate	84,000	90,000	75,000	70,000	65,000	85,000	75,000	65,000
PERSONNEL EXPENSES								
Salaries Principal (Gross) / (as 1099)								
Salary Dev (Gross)	14,604	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Salaries PM (Gross)	8,668	9,015	9,015	9,015	9,015	9,015	9,015	9,015
Contractors -	8,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Payroll Taxes (ER) Federal/State	9,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
401(k), Health, Dental, Payroll, Life Ins	4,089	5,452	7,052	5,452	25,452	5,452	5,452	5,452
Total Personnel Expenses	44,361	56,467	58,067	56,467	76,467	56,467	56,467	56,467
OPERATING EXPENSES								
Computer Expenses								
Hosting-Datapipe & MSF Azure	6,245	5,250	5,250	5,250	5,250	5,250	5,250	5,250
Rent, Utilities, Telephone	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177
Software /Internet	1,761	1,761	1,761	1,761	1,761	1,761	1,761	1,761
Marketing, Promotion, Licenses, Etc.	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Bank Charges	158	158	158	158	158	158	158	158
Insurance - Liability/Umbrella/WC	525	525	525	525	525	525	525	525
T Bank Payments	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Other Plan Payments					4,500			
Miscellaneous Expenses (Reserve)	-	-	-	-	-	-	-	-
Professional Fee Claims (Legal/Accounting)								
Total Operating Expenses	20,266	19,271	19,271	19,271	23,771	19,271	19,271	19,271
Total Expenses	64,627	75,738	77,338	75,738	100,238	75,738	75,738	75,738
Ending Cash Balance	\$134,080	\$148,342	\$146,005	\$140,267	\$105,030	\$114,292	\$113,555	\$102,817
Projected Disposable Income / GUC Payments (if > \$0)								

*Employee 401(k) match done annually in September

**Actual cash balances may differ due to timing of receipts and expenses

**Disposable Income may be reduced by payment of administrative claims or other allowed claims not set in these Projections as of the date hereof

**\$40,000 estimate of professional fee claims may be updated at confirmation

	2025						2025	
	Jan.	Feb	Mar	April	May	Jun	Jul	Aug
Beginning Cash Balance	\$25,214	\$63,863	\$72,512	\$84,161	\$85,810	\$97,459	\$112,384	\$108,209
Income Estimate	115,000	85,000	88,000	78,000	88,000	95,000	78,000	73,000
PERSONNEL EXPENSES								
Salaries Principal (Gross) / (as 1099)								
Salary Dev (Gross)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Salaries PM (Gross)	9,015	9,015	9,015	9,015	9,015	9,375	9,375	9,375
Contractors -	9,000	9,000	9,000	9,000	9,000	11,000	11,000	11,000
Payroll Taxes (ER) Federal/State	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
401(k), Health, Dental, Payroll, Life Ins	5,452	5,452	5,452	5,452	5,452	6,815	8,415	6,815
Total Personnel Expenses	56,467	56,467	56,467	56,467	56,467	60,190	61,790	60,190
OPERATING EXPENSES								
Computer Expenses								
Hosting-Datapipe & MSF Azure	5,513	5,513	5,513	5,513	5,513	5,513	5,513	5,513
Rent, Utilities, Telephone	3,336	3,336	3,336	3,336	3,336	3,336	3,336	3,336
Software /Internet	1,849	1,849	1,849	1,849	1,849	1,849	1,849	1,849
Marketing, Promotion, Licenses, Etc.	1,470	1,470	1,470	1,470	1,470	1,470	1,470	1,470
Bank Charges	165	165	165	165	165	165	165	165
Insurance - Liability/Umbrella/WC	551	551	551	551	551	551	551	551
T Bank Payments	7,000	7,000	7,000	7,000	7,000	7,000	7,500	7,500
Other Plan Payments								
Miscellaneous Expenses (Reserve)	-	-	-	-	-	-	-	-
Professional Fee Claims (Legal/Accounting)								
Total Operating Expenses	19,884	19,884	19,884	19,884	19,884	19,884	20,384	20,384
Total Expenses	76,351	76,351	76,351	76,351	76,351	80,075	82,175	80,575
Ending Cash Balance	\$63,863	\$72,512	\$84,161	\$85,810	\$97,459	\$112,384	\$108,209	\$100,635
Projected Disposable Income / GUC Payn	77,603							

*Employee 401(k) match done annually in September

**Actual cash balances may differ due to timing of receipts and expenses

**Disposable Income may be reduced by payment of administrative claims or other allowed claims not set in these Projections as of the date hereof

**\$40,000 estimate of professional fee claims may be updated at confirmation

					2026			
	Sep	Oct	Nov	Dec	Jan.	Feb	Mar	April
Beginning Cash Balance	\$100,635	\$63,960	\$71,385	\$68,811	\$25,214	\$63,995	\$72,776	\$81,557
Income Estimate	68,000	88,000	78,000	67,000	120,000	90,000	90,000	80,000
PERSONNEL EXPENSES								
Salaries Principal (Gross) / (as 1099)								
Salary Dev (Gross)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Salaries PM (Gross)	9,375	9,375	9,375	9,375	9,375	9,375	9,375	9,375
Contractors -	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Payroll Taxes (ER) Federal/State	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
401(k), Health, Dental, Payroll, Life Ins	26,415	6,815	6,815	6,815	6,815	6,815	6,815	6,815
Total Personnel Expenses	79,790	60,190	60,190	60,190	60,190	60,190	60,190	60,190
OPERATING EXPENSES								
Computer Expenses								
Hosting-Datapipe & MSF Azure	5,513	5,513	5,513	5,513	5,788	5,788	5,788	5,788
Rent, Utilities, Telephone	3,336	3,336	3,336	3,336	3,503	3,503	3,503	3,503
Software /Internet	1,849	1,849	1,849	1,849	1,942	1,942	1,942	1,942
Marketing, Promotion, Licenses, Etc.	1,470	1,470	1,470	1,470	1,544	1,544	1,544	1,544
Bank Charges	165	165	165	165	174	174	174	174
Insurance - Liability/Umbrella/WC	551	551	551	551	579	579	579	579
T Bank Payments	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Plan Payments	4,500							
Miscellaneous Expenses (Reserve)	-	-	-	-	-	-	-	-
Professional Fee Claims (Legal/Accounting)								
Total Operating Expenses	24,884	20,384	20,384	20,384	21,029	21,029	21,029	21,029
Total Expenses	104,675	80,575	80,575	80,575	81,219	81,219	81,219	81,219
Ending Cash Balance	\$63,960	\$71,385	\$68,811	\$55,236	\$63,995	\$72,776	\$81,557	\$80,339
Projected Disposable Income / GUC Payments (if > \$0)					30,022			

*Employee 401(k) match done annually in September

**Actual cash balances may differ due to timing of receipts and expenses

**Disposable Income may be reduced by payment of administrative claims or other allowed claims not set in these Projections as of the date hereof

**\$40,000 estimate of professional fee claims may be updated at confirmation

	2026							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Beginning Cash Balance	\$80,339	\$89,120	\$102,533	\$96,147	\$85,860	\$45,773	\$52,187	\$47,400
Income Estimate	90,000	105,000	85,800	80,300	75,000	97,000	85,800	75,000
PERSONNEL EXPENSES								
Salaries Principal (Gross) / (as 1099)								
Salary Dev (Gross)	22,000	22,880	22,880	22,880	22,880	22,880	22,880	22,880
Salaries PM (Gross)	9,375	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Contractors -	11,000	10,000	9,000	9,000	9,000	9,000	9,000	9,000
Payroll Taxes (ER) Federal/State	11,000	14,500	14,500	14,500	14,500	14,500	14,500	14,500
401(k), Health, Dental, Payroll, Life Ins	6,815	8,178	9,778	8,178	28,178	8,178	8,178	8,178
Total Personnel Expenses	60,190	70,558	71,158	69,558	89,558	69,558	69,558	69,558
OPERATING EXPENSES								
Computer Expenses								
Hosting-Datapipe & MSF Azure	5,788	5,788	5,788	5,788	5,788	5,788	5,788	5,788
Rent, Utilities, Telephone	3,503	3,503	3,503	3,503	3,503	3,503	3,503	3,503
Software /Internet	1,942	1,942	1,942	1,942	1,942	1,942	1,942	1,942
Marketing, Promotion, Licenses, Etc.	1,544	1,544	1,544	1,544	1,544	1,544	1,544	1,544
Bank Charges	174	174	174	174	174	174	174	174
Insurance - Liability/Umbrella/WC	579	579	579	579	579	579	579	579
T Bank Payments	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Plan Payments					4,500			
Miscellaneous Expenses (Reserve)	-	-	-	-	-	-	-	-
Professional Fee Claims (Legal/Accounting)								
Total Operating Expenses	21,029	21,029	21,029	21,029	25,529	21,029	21,029	21,029
Total Expenses	81,219	91,587	92,187	90,587	115,087	90,587	90,587	90,587
Ending Cash Balance	\$89,120	\$102,533	\$96,147	\$85,860	\$45,773	\$52,187	\$47,400	\$31,814
Projected Disposable Income / GUC Payments (if > \$0)								6,600

*Employee 401(k) match done annually in September

**Actual cash balances may differ due to timing of receipts and expenses

**Disposable Income may be reduced by payment of administrative claims or other allowed claims not set in these Projections as of the date hereof

**\$40,000 estimate of professional fee claims may be updated at confirmation

EXHIBIT B

PETITION DATE BALANCE SHEET

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FOSTER GARVEY PC
121 SW MORRISON STREET, ELEVENTH FLOOR
PORTLAND, OREGON 97204
PHONE (503) 228-3939 FAX (503) 226-0259

Saturno Design, LLC
Balance Sheet
As of June 30, 2023

	<u>Jun 30, 23</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 - US Bank Checking - 7969	5,268.92
1030 - Bank of America - 0351	27,793.70
Total Checking/Savings	33,062.62
Accounts Receivable	
1300 - Accounts Receivable	147,934.02
Total Accounts Receivable	147,934.02
Other Current Assets	
1150 - Undeposited Funds	1,199.00
2123 - Payroll Asset	(38,612.86)
Total Other Current Assets	(37,413.86)
Total Current Assets	143,582.78
Fixed Assets	
1500 - Acquisition Assets	
1505 - Computer Equipment	25,000.00
1510 - Furniture and Equipment	184,000.00
1515 - Leasehold Improvements	15,000.00
1520 - Other Acquisition Assets	84,000.00
1525 - Software	2,699,888.37
1530 - Telephone & Equipment	15,000.00
Total 1500 - Acquisition Assets	3,022,888.37
1600 - Other Assets	
1605 - Furniture and Office Equipment	4,749.00
Total 1600 - Other Assets	4,749.00
1700 - Accumulated Depreciation	
1705 - Accum Depr Computer Equipment	(37,320.00)
1710 - Accum Depr Furniture & Equip	(285,840.00)
1715 - Accum Depr Leasehold Improvemen	(12,504.00)
1730 - Accum Depr Telephone Equip	(18,020.00)
Total 1700 - Accumulated Depreciation	(353,684.00)
1800 - (Saturno/Lotus Purch)	
1360 - Accumulated Amortization	(1,400,870.00)
1805 - Goodwill (Saturno/Lotus Purch)	463,113.00
1810 - Closing Costs (Saturno/Lotus Pu	91,568.83
Total 1800 - (Saturno/Lotus Purch)	(846,188.17)
Total Fixed Assets	1,827,765.20

Saturno Design, LLC
Balance Sheet
As of June 30, 2023

	Jun 30, 23
Other Assets	
1815 - Due from Greg Fredette	248,871.69
1820 - Due from Lotus	306,170.31
1825 - Loan due from Polvora	22,526.17
Total Other Assets	577,568.17
TOTAL ASSETS	2,548,916.15
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 - Accounts Payable	82,281.07
Total Accounts Payable	82,281.07
Credit Cards	
American Express Business 81001	3,550.00
1003 - US Credit Card - 5068	
1004 - US Credit Card - 5076 - Rudy	3,971.51
1005 - US Credit Card - 5084 - Office	6,269.39
1003 - US Credit Card - 5068 - Other	14,341.17
Total 1003 - US Credit Card - 5068	24,582.07
1900 - CC Bank of America Corp. - 7584	
1901 - CC BoA - Cris - 2210	7,062.53
1902 - CC BoA Rudy - 5056	27,753.81
1903 - CC BoA - Jose - 8420	9,710.92
1900 - CC Bank of America Corp. - 7584 - Other	(52,903.33)
Total 1900 - CC Bank of America Corp. - 7584	(8,376.07)
2020 - BofA Credity Card 5056	2,428.23
Total Credit Cards	22,184.23
Other Current Liabilities	
1830 - Debt to Meza Capital	12,000.00
2125 - Loan due to Polvora	10,453.25
2126 - Loan due to Rudy/Cris Bozas	37,441.35
2130 - Lotus T Bank Loan (Saturno)	45,797.62
2145 - A/R Due to Greg Fredette	372,540.32
2300 - Payroll Liabilities	
2310 - Social Security Tax	52,635.86
2315 - Medicare Tax	12,310.00
2320 - Federal Income Tax	46,884.00
2325 - State Income Tax	32,250.95
2326 - MA Taxes	5,033.29
2340 - 401(K) Retirement Plan	21,002.45
2350 - FUTA	198.61
2355 - SUI/Trf-met/WBF	11,311.48
2360 - Health Insurance	54,789.32

Saturno Design, LLC
Balance Sheet
As of June 30, 2023

	Jun 30, 23
2365 - Dental Insurance	3,335.92
2300 - Payroll Liabilities - Other	(635.42)
Total 2300 - Payroll Liabilities	239,116.46
2406 - Dept of Treasury Installment Lo	(3,360.00)
2408 - 2nd PPP SBA Loan	166,468.95
2409 - SBA Loan	144,883.00
Total Other Current Liabilities	1,025,340.95
Total Current Liabilities	1,129,806.25
Long Term Liabilities	
2401 - Greg Fredette (Subordinated #1)	128,640.03
2402 - Greg Fredette (Subordinated #2)	389,802.88
2403 - T Bank	1,049,249.89
Total Long Term Liabilities	1,567,692.80
Total Liabilities	2,697,499.05
Equity	
2410 - Addl Paid In Capital (Lotus)	500,000.00
2415 - Preacquisition Draws	(907,087.54)
2420 - Acquisition Draws	(101,435.61)
3000 - Opening Balance Equity	50,749.09
3020 - Shareholder Equity	5,000.00
3030 - Due To/From Shareholder	(19,051.97)
3050 - Retained Earnings	17,769.91
3150 - Additional Paid In Capital	273,652.62
Net Income	31,820.60
Total Equity	(148,582.90)
TOTAL LIABILITIES & EQUITY	2,548,916.15

EXHIBIT C

ASSET VALUATIONS AND LIQUIDATION ANALYSIS

Assumptions

Methodology and Basis

Hypothetical chapter 7 recoveries set forth in this analysis (this “Liquidation Analysis”) are based on the Debtor’s projected assets as of September 1, 2023 (the “Assumed Conversion Date”), which is a little less than two months after the Petition Date and the filing of the Plan (and therefore is a reasonable approximation of when a conversion to chapter 7 may occur assuming that confirmation of the Plan is denied). The Liquidation Analysis assumes that the Debtor would commence the hypothetical chapter 7 liquidation on or about the Assumed Conversion Date under the supervision of a court-appointed chapter 7 trustee. The Liquidation Analysis reflects the wind down and liquidation of substantially all of the Debtor’s remaining assets and the distribution of available proceeds to Holders of Allowed Claims during the period after the Assumed Conversion Date.

The Debtor believes that any analysis of a hypothetical liquidation is necessarily speculative and that the assumptions upon which this Liquidation Analysis relies are inherently subject to significant uncertainties and contingencies beyond the control of the Debtor or a chapter 7 trustee. Neither this Liquidation Analysis, nor the financial information on which it is based, has been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. There can be no assurance that the actual results would not vary materially from the hypothetical results presented herein.

Additional Notes

1. Dependence on Assumptions and Forecasted Balance Sheet. The Liquidation Analysis depends on a number of estimates and assumptions. Although developed and considered by the management and the advisors of Debtor, these assumptions are inherently subject to significant economic, business, regulatory, and competitive uncertainties and contingencies beyond the control of the Debtor or its management. The Liquidation Analysis is also based on the Debtor’s best judgment of how numerous issues in the liquidation process would be resolved. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtor were, in fact, to undergo such a liquidation and actual results could vary materially and adversely from those contained herein.

3. Chapter 7 Liquidation Process. The liquidation of the Debtor’s assets is assumed to be completed over a period of several months. During the first few months, the chapter 7 trustee would seek a party willing to purchase the Business. During the next few months, the chapter 7 trustee would complete a sale of the Business, if possible, and potential other sales of the remaining furniture, fixtures, and equipment, likely through the use of a third party broker or liquidating agent. The chapter 7 trustee would also seek to collect accounts receivable outstanding and owed to the Debtor. Administration of the chapter 7 estates would wind down after distribution of proceeds from the foregoing liquidation efforts.

1 4. Claims Estimates. The Liquidation Analysis relies upon the amounts ascribed to the
2 claims in the Debtor's schedules. No order or finding has been entered or made by the
3 Bankruptcy Court estimating or otherwise fixing the amount of Claims as set forth herein, and
4 such estimates should not be relied upon for any other purpose, including, without limitation, any
5 determination of the value of any distribution to be made on account of an Allowed Claim under
the Plan. The estimates set forth below should not be construed as a concession or admission by
Debtor that any Claim (including, for the avoidance of doubt, T Bank's Secured Claim) should
be allowed in that particular amount (or any particular amount). The actual amount of Allowed
Claims could be materially different from the amounts estimated herein.

6 6. Assets. The Debtor's Assets consist principally of the Business (the value of which
7 already incorporates average working capital for prior four quarters of \$138,532) and a modest
8 amount of computer equipment and furniture. Other Assets held by Debtor are of generally
inconsequential value for purposes of this Liquidation Analysis.

9 7. Liquidation Value Discounts. The Debtor believes that their liquidation of their Assets in
10 a hypothetical chapter 7 liquidation would result in substantially less proceeds than the value of
11 those Assets in Debtor's hands, which collectively allow the Debtor to operate a historically
12 successful, award-winning Business. Consequently, for purposes of this Liquidation Analysis,
the Debtor multiplied the as-is value of the Business as set forth above in the Plan by 0.85 (to
reflect a 15% forced-sale discount for the Business). Debtor believes that these "liquidation
value discounts" are reasonable.

13 8. Fees and Expenses Not Specifically Estimated. The Debtor notes that a chapter 7 trustee
14 would receive distributions after liquidating the Debtor's assets, that counsel for the chapter 7
15 trustee would receive substantial fees, and that commissions on a sale of the Business would be
approximately substantial. However, the Debtor does not separately estimate such figures given
the clear conclusion that a chapter 7 proceeding would result in no recovery for the Holders of
Allowed General Unsecured Claims.

16 9. Unsecured Claims. Unsecured Claims for the Debtor consist of those Claims set forth in
17 Class 3 of the Plan, which are estimated in the aggregate amount of \$711,102.69.

18 10. Additional Costs and Expenses Not Estimated Herein. The Liquidation Analysis should
19 not be construed as a concession or admission that no additional costs or expenses would be
incurred by the Debtor's estate in a hypothetical chapter 7 liquidation.

20 *[Estimated Asset Values on the Following Page]*

Estimated Asset Values

Asset Category	Explanation of Valuation	Forced Sale Value
The Business	Estimated value of the Business (\$603,205) discounted by 15% given fire-sale liquidation context (value already incorporates average working capital for prior four quarters of \$138,532).	\$512,274.25
Computer Equipment	Estimated eight working computers with monitors. Each computer/monitor combination estimated at a depreciated value of \$400. Two servers over 6 years old, estimated at \$600 each.	\$4,400
Furniture / Miscellaneous Office Assets	Estimated 8 operational standing desks, 8 desk chairs and two small conference room tables with four chairs each.	\$2,600

Distribution of Proceeds of Assets in Forced Sale Liquidation

Gross Proceeds from Liquidation:	\$519,274.30
(Less) T Bank's Secured Claim:	(\$603,205)
Total Proceeds Available to Unsecured Creditors:	\$0 or less than \$0
Projected Chapter 7 Recovery for Prepetition Unsecured Creditors:	0.00%
Projected Plan Recovery for Prepetition Unsecured Creditors:	16.06%

*Based on Projected Disposable Income of \$114,225 and estimated aggregate amount of Allowed General Unsecured Claims of \$711,102.69. This percentage may decrease if additional Claims are filed prior to the Bar Date or if Allowed General Unsecured Claims are in an aggregate amount greater than set forth herein (including, but not limited to, as a result of the ultimately Allowed amount of Sellers' Claim). Nevertheless, this figure will always be greater than 0.00% regardless of the ultimately Allowed General Unsecured Claims.

EXHIBIT D

SCHEDULE OF ASSUMED EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Debtor Contract Party	Other Contract Party	Cure Cost	Title & Description of Contract or Lease
Saturno Design, LLC	506 Wilcox Building, LLC	\$0.00	The Debtor's lease of the Portland Office

FOSTER GARVEY PC

121 SW MORRISON STREET, ELEVENTH FLOOR

PORTLAND, OREGON 97204

PHONE (503) 228-3939 FAX (503) 226-0259

EXHIBIT E1
CLASS 1 BALLOT

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FOSTER GARVEY PC
121 SW MORRISON STREET, ELEVENTH FLOOR
PORTLAND, OREGON 97204
PHONE (503) 228-3939 FAX (503) 226-0259

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re:

Saturno Design, LLC.¹

Debtor.

Case No. 23-31455-dwh11

**CLASS 1 BALLOT TO VOTE TO
ACCEPT OR REJECT DEBTOR'S FIRST
AMENDED CHAPTER 11 PLAN OF
REORGANIZATION**

You ("Holder") are receiving this Ballot because you are the Holder of T Bank's Secured Claim in Class 1 of the Debtor's First Amended Chapter 11 Plan of Reorganization dated July 24, 2023 (the "Plan").² The Plan sets forth the proposed treatment of your Claim. The Plan can be confirmed by the Bankruptcy Court for the District of Oregon (the "Court") and made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each impaired class voting on the Plan. If the requisite acceptances are not obtained, the Court may still confirm the Plan if the requirements of 11 U.S.C. § 1129 have been met.

If you want your vote to count, you must complete and return this ballot to Foster Garvey P.C., Attn: Tara J. Schleicher, Esq., 121 SW Morrison Street, 11th Floor, Portland, OR 97204-3141, or by email to tara.schleicher@foster.com, so that it is received no later than 5:00 P.M. (prevailing Pacific Time) on August 23, 2023. By completing this Ballot, you certify that you have the requisite authority to bind the creditor set forth below.

THIS FORM DOES NOT CONSTITUTE A PROOF OF CLAIM AND MUST NOT BE USED TO FILE A CLAIM OR TO INCREASE ANY AMOUNT LISTED IN THE DEBTOR'S SCHEDULES.

The undersigned is the Holder of a Claim in Class 1 and votes on the Plan as follows:

☐ Accepts the Plan

☐ Rejects the Plan

Creditor: _____

By (Name/Title): _____

Dated: _____

¹ The last four digits of Debtor's federal tax identification number is 3750.

² Capitalized terms used but not defined in this Ballot shall have the meanings given to such terms in the Plan.

CLASS 1 BALLOT FOR VOTING ON THE DEBTOR'S
FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

FOSTER GARVEY PC
121 SW MORRISON STREET, ELEVENTH FLOOR
PORTLAND, OREGON 97204
PHONE (503) 228-3939 FAX (503) 226-0259

EXHIBIT E2
CLASS 2.2 BALLOT

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FOSTER GARVEY PC
121 SW MORRISON STREET, ELEVENTH FLOOR
PORTLAND, OREGON 97204
PHONE (503) 228-3939 FAX (503) 226-0259

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re:

Saturno Design, LLC.⁴

Debtor.

Case No. 23-31455-dwh11

**CLASS 2.2 BALLOT TO VOTE TO
ACCEPT OR REJECT DEBTOR'S FIRST
AMENDED CHAPTER 11 PLAN OF
REORGANIZATION**

You ("Holder") are receiving this Ballot because you are the Holder of a Priority Claim in Class 2.2 of the Debtor's First Amended Chapter 11 Plan of Reorganization dated July 24, 2023 (the "Plan").⁵ The Plan sets forth the proposed treatment of your Claim. The Plan can be confirmed by the Bankruptcy Court for the District of Oregon (the "Court") and made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each impaired class voting on the Plan. If the requisite acceptances are not obtained, the Court may still confirm the Plan if the requirements of 11 U.S.C. § 1129 have been met.

If you want your vote to count, you must complete and return this ballot to Foster Garvey P.C., Attn: Tara J. Schleicher, Esq., 121 SW Morrison Street, 11th Floor, Portland, OR 97204-3141, or by email to tara.schleicher@foster.com, so that it is received no later than 5:00 P.M. (prevailing Pacific Time) on August 23, 2023. By completing this Ballot, you certify that you have the requisite authority to bind the creditor set forth below.

THIS FORM DOES NOT CONSTITUTE A PROOF OF CLAIM AND MUST NOT BE USED TO FILE A CLAIM OR TO INCREASE ANY AMOUNT LISTED IN THE DEBTOR'S SCHEDULES.

The undersigned is the Holder of a Claim in Class 2.2 and votes on the Plan as follows:

☐ Accepts the Plan

☐ Rejects the Plan

Creditor: _____

By (Name/Title): _____

Dated: _____

⁴ The last four digits of Debtor's federal tax identification number is 3750.

⁵ Capitalized terms used but not defined in this Ballot shall have the meanings given to such terms in the Plan.

CLASS 2.2 BALLOT FOR VOTING ON THE DEBTOR'S
FIRST AMENDED CHAPTER 11 PLAN OF REORGANIZATION

FOSTER GARVEY PC
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PORTLAND, OREGON 97204
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EXHIBIT E3
CLASS 3 BALLOT

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FOSTER GARVEY PC
121 SW MORRISON STREET, ELEVENTH FLOOR
PORTLAND, OREGON 97204
PHONE (503) 228-3939 FAX (503) 226-0259

UNITED STATES BANKRUPTCY COURT
DISTRICT OF OREGON

In re:

Saturno Design, LLC.¹

Debtor.

Case No. 23-31455-dwh11

**CLASS 3 BALLOT TO VOTE TO
ACCEPT OR REJECT DEBTOR'S FIRST
AMENDED CHAPTER 11 PLAN OF
REORGANIZATION**

You ("Holder") are receiving this Ballot because you are the Holder of a General Unsecured Claim in Class 3 of the Debtor's First Amended Chapter 11 Plan of Reorganization dated July 24, 2023 (the "Plan").² The Plan sets forth the proposed treatment of your Claim. The Plan can be confirmed by the Bankruptcy Court for the District of Oregon (the "Court") and made binding on you if it is accepted by the holders of two-thirds in amount and more than one-half in number of claims in each impaired class voting on the Plan. If the requisite acceptances are not obtained, the Court may still confirm the Plan if the requirements of 11 U.S.C. § 1129 have been met.

If you want your vote to count, you must complete and return this ballot to Foster Garvey P.C., Attn: Tara J. Schleicher, Esq., 121 SW Morrison Street, 11th Floor, Portland, OR 97204-3141, or by email to tara.schleicher@foster.com, so that it is received no later than 5:00 P.M. (prevailing Pacific Time) on August 23, 2023. By completing this Ballot, you certify that you have the requisite authority to bind the creditor set forth below.

THIS FORM DOES NOT CONSTITUTE A PROOF OF CLAIM AND MUST NOT BE USED TO FILE A CLAIM OR TO INCREASE ANY AMOUNT LISTED IN THE DEBTOR'S SCHEDULES.

The undersigned is the Holder of a Claim in Class 3 and votes on the Plan as follows:

☐ Accepts the Plan

☐ Rejects the Plan

Creditor: _____

By (Name/Title): _____

Dated: _____

¹ The last four digits of Debtor's federal tax identification number is 3750.

² Capitalized terms used but not defined in this Ballot shall have the meanings given to such terms in the Plan.

EXHIBIT F

REDLINE (CHANGED PAGES ONLY) TO FIRST AMENDED PLAN

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FOSTER GARVEY PC
121 SW MORRISON STREET, ELEVENTH FLOOR
PORTLAND, OREGON 97204
PHONE (503) 228-3939 FAX (503) 226-0259

1 Tara J. Schleicher, OSB No. 954021
2 Dan Youngblut, OSB No. 211148
3 FOSTER GARVEY P.C.
4 121 SW Morrison St., 11th Floor
5 Portland, OR 97204
6 Telephone: (503) 228-3939
7 Facsimile: (503) 226-0259
8 Email: tara.schleicher@foster.com
9 dan.youngblut@foster.com
10 *Proposed Attorneys for Debtor*

7 UNITED STATES BANKRUPTCY COURT
8 DISTRICT OF OREGON

9 In re:

10 Saturno Design, LLC.¹

11 Debtor.

Case No. 23-31455-dwh11

**DEBTOR'S ~~FIRST~~SECOND AMENDED
CHAPTER 11 PLAN OF
REORGANIZATION**

12
13 Debtor's ~~First~~Second Amended Chapter 11 Plan of Reorganization (as may be amended
14 or modified from time to time, the "Plan") proposes to pay general unsecured creditors of debtor
15 Saturno Design, LLC (the "Debtor" or "Saturno") over the Plan Period (as defined below). This
16 Plan is an amended version of Debtor's Chapter 11 Plan of Reorganization [Dkt. No. 4], filed on
17 July 3, 2023 (the "Original Plan"); ~~the amendments are primarily minor clarifications and~~
18 ~~non-substantive changes~~, and of Debtor's First Amended Chapter 11 Plan of Reorganization
19 [Dkt. No. 39], filed on July 24, 2023 (the "First Amended Plan"). The amendments in this Plan,
20 relative to the First Amended Plan, only affect sections 9.2 (Injunction) and 9.4 (Exculpation) of
21 the Plan (including the related removal of the defined term "Exculpated Parties"). None of these
22 changes impact the treatment of any Claims against Debtor or any substantive terms of the Plan
23 or adversely affect any rights of such the Holders of such Claims or any other parties in interest.

24 A redline showing the changes in this Plan relative to the ~~Original~~First Amended Plan is attached
25 hereto as Exhibit F. This Plan provides for one class of Secured Claims, three classes of
26
27

¹ The last four digits of Debtor's federal tax identification number is 3750.

1.23. “Confirmation Order” means the order of the Court confirming the Plan.

1.24. “Court” means the United States Bankruptcy Court for the District of Oregon before which the Chapter 11 Case is pending, or any other court exercising jurisdiction over the Chapter 11 Case in the future.

1.25. “Cure” means a Claim based upon a Debtor’s default(s) under an executory contract or an unexpired lease sought to be assumed by the Debtor under section 365 of the Bankruptcy Code, other than a default that is not required to be cured pursuant to any relevant provision of the Bankruptcy Code or applicable law.

1.26. “Effective Date” means the first date that the Confirmation Order has become a Final Order and all conditions to the effectiveness of the Plan have been satisfied.

1.27. “Equity Interest” means any membership interest or similar “equity” security or interest in the Debtor.

1.28. “Estate” means the Debtor’s estate created pursuant to section 541 of the Bankruptcy Code.

~~1.29. “Exculpated Parties” means (a) the Debtor and its respective attorneys, consultants, advisors, and agents (acting in such capacity); (b) the Subchapter V Trustee and her respective attorneys, consultants, advisors, and agents (acting in such capacity); and (c) the United States Trustee and its respective attorneys, consultants, advisors, and agents (acting in such capacity).~~

1.29. ~~1.30.~~ “Final Order” means an order or judgment of the Court as to which the time for appeal has expired and a stay pending appeal has not been issued.

1.30. ~~1.31.~~ “Holder” means a person (including any assignees) holding an interest of any kind or Equity Interest in, or Claim against, the Debtor(s), as the context requires.

1.31. ~~1.32.~~ “IRS” means the Internal Revenue Service.

1.32. ~~1.33.~~ “Lawsuits” means the Seller Lawsuit and the T Bank Lawsuit.

1.33. ~~1.34.~~ “Lien” means any mortgage, lien, Claim, interest, encumbrance, security interest, restriction, charge, or assessment, of every kind, nature, and description, against, in or

1 executory contracts and unexpired leases shall be classified as Allowed Unsecured Claims under
2 Class 4 of the Plan.

3 8.4. Full Release and Satisfaction. Assumption of any executory contract or unexpired
4 lease pursuant to the Plan or otherwise and full payment of any applicable Cure shall result in the
5 full release and satisfaction of any Cures, Claims, or defaults, whether monetary or nonmonetary,
6 including defaults of provisions restricting the change in control or ownership interest
7 composition or other bankruptcy-related defaults, arising under any assumed executory contract
8 or unexpired lease at any time prior to the effective date of assumption.

9 **ARTICLE IX: EFFECT OF CONFIRMATION, DISCHARGE, AND INJUNCTION**

10 9.1. Discharge. If the Plan is confirmed pursuant to section 1191(a) of the Bankruptcy
11 Code, then on the Effective Date, without any further order from this Court, the Debtor will be
12 discharged from any Claims, Causes of Action, and debts and liabilities of any nature
13 whatsoever, whether known or unknown, that arose prior to the Effective Date, to the maximum
14 extent permitted by section 1141(d) of the Bankruptcy Code. If the Plan is confirmed pursuant to
15 section 1191(b) of the Bankruptcy Code, then upon the expiration of the Plan Period with the
16 Debtor having satisfied all of its obligations under this Plan, and without any further order from
17 this Court, the Debtor will be discharged from any Claims, Causes of Action, and debts and
18 liabilities of any nature whatsoever, whether known or unknown, that arose prior to the Effective
19 Date, to the maximum extent permitted by sections 1141(d) and 1192 of the Bankruptcy Code.
20 For the avoidance of doubt, the discharge set forth in this section 9.1 shall not discharge or affect
21 any Claims relating to Professional Fees and Expenses and the Subchapter V Trustee Claim or, if
22 applicable, any Claims of the kind specified in section 523(a) of the Bankruptcy Code.

23 9.2. Injunction. Except as otherwise expressly provided in this Plan, the documents
24 executed pursuant to the Plan, or the Confirmation Order, on or after the Effective Date, all
25 persons and entities who have held, currently hold, or may hold Claims against or interests in the
26 Debtor, the Assets, or the Debtor's Estate that arose prior to the Confirmation Date (including,
27 but not limited to, states and other governmental units, and any state official, employee, or other

entity acting in an individual or official capacity on behalf of any state or other governmental units) are ~~permanently and forever~~ enjoined from, on account of such Claims or interests and only to the extent consistent with 11 USC § 524(e): (i) commencing or continuing in any manner, ~~directly or indirectly~~, any action or other proceeding against the Debtor, the Reorganized Debtor, or any Assets of the Debtor or Reorganized Debtor; (ii) enforcing, attaching, executing, collecting, or recovering in any manner, ~~directly or indirectly~~, any judgment, award, decree, or order against the Debtor, the Reorganized Debtor, or any Assets of the Debtor or Reorganized Debtor; (iii) creating, perfecting, or enforcing, ~~directly or indirectly~~, any Lien of any kind against the Debtor, the Reorganized Debtor, or any Assets of the Debtor or Reorganized Debtor; and (iv) asserting or effecting, ~~directly or indirectly~~, any setoff, right of subrogation, or recoupment of any kind against obligations due to the Debtor, the Reorganized Debtor, or any Assets of the Debtor or Reorganized Debtor; ~~and (v) acting, in any manner, in any place whatsoever, that does not conform to, comply with, or is inconsistent with any provisions of this Plan.~~ Any person or entity injured by any willful violation of this injunction shall recover actual damages, including costs and attorneys' fees, and, in appropriate circumstances, may recover punitive damages from the willful violator. Nothing contained in this Article IX shall prohibit the Holder of a Disputed Claim from litigating its right to seek to have such Disputed Claim declared an Allowed Claim and paid in accordance with the distribution provisions of this Plan, or enjoin or prohibit the interpretation or enforcement by the Holder of such Disputed Claim of any of the obligations of the Debtor under this Plan. ~~The Confirmation Order shall also constitute an injunction enjoining any person from enforcing or attempting to enforce any Claim or cause of action against the Debtor or any Assets of the Debtor based on, arising from or related to any failure to pay, or make provision for payment of, any amount payable with respect to any Priority Claim on which the payments due under this Plan have been made or are not yet due under this Plan.~~

9.3. Lifting of Automatic Stay and All Other Temporary Injunctions. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in

1 this Chapter 11 Case by order of the Court, whether under sections 105 or 362 of the Bankruptcy
2 Code, this Plan, or otherwise, shall remain in full force and effect until the Effective Date, at
3 which point the terms of this Plan and the Confirmation Order shall then control.

4 9.4. ~~Exculpation. The Exculpated Parties shall not have or incur any liability to any~~
5 ~~entity or person for any act taken or omitted to be taken in relation to this Chapter 11 Case,~~
6 ~~including, but not limited to, with respect to the formulation, preparation, dissemination,~~
7 ~~implementation, confirmation, or approval of this Plan, or any contract, instrument, release, or~~
8 ~~other agreement or document provided for or contemplated in connection with the~~
9 ~~consummation of any transactions or actions to be taken in~~
10 ~~connection with this Plan; provided, however, that the provisions of this section shall not affect~~
11 ~~the liability of any entity or person that otherwise would result from any such act or omission to~~
12 ~~the extent that such act or omission is determined in a Final Order to have constituted gross~~
13 ~~negligence or willful misconduct. Any of the Exculpated Parties in all respects shall be entitled~~
14 ~~to rely upon the advice of counsel with respect to their duties and responsibilities under the~~
15 ~~Plan~~Intentionally Omitted.

16 9.5. Termination of Cash Collateral Order. On the Effective Date, the Cash Collateral
17 Order (or any extension, supplement, or modification thereof) shall be of no further force and
18 effect, and the Debtor shall be authorized to use Cash Collateral (as defined in the Cash
19 Collateral Order) without, among other restrictions or conditions, any further order from this
20 Court or any need to provide adequate protection (as such term is defined in the Bankruptcy
21 Code) to T Bank, the SBA, or to any other party.

22 ARTICLE X: RETENTION OF JURISDICTION

23 To the maximum extent permitted by 28 U.S.C. § 1334 and the Bankruptcy Code, the
24 Court shall retain jurisdiction with respect to the following matters:

25 (a) To adjudicate all controversies concerning the classification, allowance, or
26 determination of any Claim or interest, including, without limitation, any Administrative Claim;
27

1 continue to operate and manage the businesses and Assets of the Debtor on a day-to-day basis
2 and in a manner substantially similar to prepetition operations.

3 **ARTICLE XII: MODIFICATION OF THE PLAN**

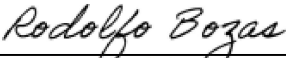
4 The Debtor may modify this Plan to the maximum extent permitted by the terms and
5 conditions of section 1193 of the Bankruptcy Code. If the Plan has been confirmed, any Holder
6 of a Claim or interest that has accepted or rejected the Plan is deemed to have accepted or
7 rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Court,
8 such Holder changes the previous acceptance or rejection of the Holder.

9 **ARTICLE XIII: CONDITIONS PRECEDENT TO EFFECTIVE DATE**

10 The Plan shall not become effective, and the Effective Date shall not occur, unless and
11 until the Confirmation Order shall have been entered by the Court and shall have become a Final
12 Order. The Debtor shall file a “Notice of Effective Date” (or similar document) on the docket
13 upon the occurrence of the Effective Date.

14 Respectfully submitted:

15 Dated: ~~July 24~~August 29, 2023

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17 _____
18 Rodolfo (Rudy) Bozas
19 Managing Partner of Saturno Design, LLC
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